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Minister of Trade and Commerce

**DOMINION BUREAU OF STATISTICS**

MERCHANDISING AND SERVICES SECTION

OTTAWA, CANADA

DEPT. OF  
POLITICAL ECONOMY

**OPERATING RESULTS**

**OF**

**FOOD**

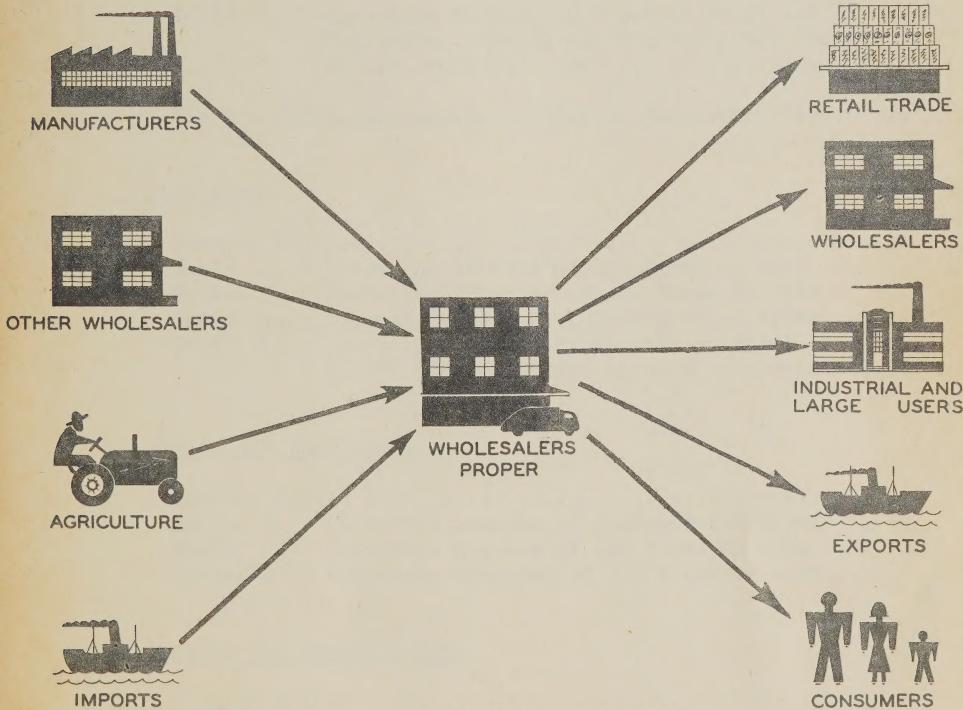
**WHOLESALEERS**

**1947**





# OPERATING RESULTS OF WHOLESALERS



WHOLESALERS OF  
GROCERIES  
FRUITS AND VEGETABLES  
TOBACCO AND CONFECTIONERY



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# FACSIMILE OF THE SCHEDULE.....

CONFIDENTIAL

Please aim to return one copy of this form, properly completed, on or before .....



DOMINION BUREAU OF STATISTICS

File no. ....

MERCHANDISING AND SERVICES  
OTTAWA**OPERATING COSTS IN WHOLESALE TRADE**

1947

The returns from this inquiry will be used in the preparation of a report which will be published for the general use of the public describing average operating results and profits against which the individual firm may compare its own results.

All replies will be treated as strictly confidential. Figures for all firms in the same line of business will be combined and average results only will be shown. Your report will not be used for income tax purposes or divulged to any other government department.

All figures should relate to the calendar year or to the fiscal year conforming most closely to the calendar year. PLEASE answer all questions.

**I. DESCRIPTION OF BUSINESS**

(1) Name of firm is .....

(2) Address of firm is .....

(3) This business sold the following commodities, in order of importance by volume. Insert sales percentage of each. Example, groceries 60%, fruit 20%, tobacco 10%, confectionery 10%.

(a) ..... % (d) ..... %

(b) ..... % (e) ..... %

(c) ..... % (f) ..... %

(This breakdown will allow grouping and tabulation of firms which are comparable as to commodities)

(4) This business was conducted by - (Estimate percentage of each type)

(a) Wholesale merchant (performing functions of warehousing and delivery) ..... %

(b) Agent and/or broker ..... % (c) Other - (specify) ..... %

(5) This business was a corporation  , partnership  , individual proprietorship  .

(6) The sales of this firm were distributed to - (give estimated percentage if amounts are not known)

(a) Retail stores ..... % (d) Industrial and other large users ..... %

(b) Voluntary groups ..... % (e) Consumers (at retail) ..... %

(c) Other wholesalers ..... % (f) Other - (specify) ..... %

(7) This business was a single establishment  , a multiple organization  .

If single, please complete numbers 8 and 9; if multiple complete number 10.

(8) We processed ..... % of the merchandise sold. (Give approximate percentage)

(9) The amount of floor space used in 1947 was ..... sq.ft. The number of floors used was .....

(10) This business is a multiple organization with head office and branches as follow:

Address	1947 Sales	Floor space		Percentage goods processed
		No. floors	Sq. ft.	
Head Office .....	\$			%
1. ....				
2. ....				
3. ....				
4. ....				
5. ....				
6. ....				
7. ....				
8. ....				
9. ....				

If more branches, please attach supplementary list.

## II. PROFIT AND LOSS STATEMENT, 1947:

A.

MERCHANDISING STATEMENT

(1) Net sales - gross sales less returns, allowances, and trade discounts .....	\$
(2) Inventory of merchandise for resale, at beginning of year .....	\$
(3) Merchandise purchased for resale - invoice value plus duty, inward freight and truckage; less returns, allowances, and trade discounts .....	\$
(4) Total of beginning inventory and net purchases (item 2 plus 3) .....	\$
(5) Inventory of merchandise for resale, at end of year .....	\$
(6) Net cost of goods sold, (item 4 minus item 5) .....	\$
(7) Gross margin or profit (item 1 minus item 6) .....	\$

B.

EXPENSE STATEMENT

(1) Salaries, commissions, and bonuses paid to sales force .....	\$
(2) Travelling expenses of salesmen (inc. sales manager) .....	\$
(3) Advertising (catalog, display, newspaper, radio, magazine) .....	\$
(4) Other selling expenses .....	\$
(5) <u>Total selling expenses</u> (total of items 1 to 4) .....	\$

## WAREHOUSE AND DELIVERY EXPENSES:

(6) Salaries and wages paid to shipping and receiving staff, truck drivers, etc. ....	\$
(7) Maintenance of delivery trucks (gas, oil, repairs, depreciation, insurance, etc.) ....	\$
(8) Outward freight, express, parcel post, and contract hauling .....	\$
(9) Warehouse supplies (such as paper, twine, packaging materials) .....	\$
(10) Other warehouse and delivery expense .....	\$
(11) <u>Total warehouse and delivery expense</u> (total of items 6 to 10) .....	\$

## GENERAL AND ADMINISTRATIVE EXPENSES:

(12) Administrative and office salaries (if unincorporated, include proprietors)....	\$
(13) Employees' benefits paid by firm (pension fund, unemployment insurance, hospitalization, workmen's compensation or other staff benefits) .....	\$
(14) Occupancy expense - for premises used in the business (taxes, insurance, repairs, depreciation allowances, and interest (a) on owned real estate and/or rentals paid for rented premise .....	\$
(15) Light, heat, power, and water .....	\$
(16) Taxes other than on real estate and excluding income and sales taxes .....	\$
(17) Insurance other than on real estate .....	\$
(18) Office supplies .....	\$
(19) Postage, telephone, telegraph .....	\$
(20) Cash discounts allowed to customers .....	\$
(21) Loss on bad debts - amount written off during the year .....	\$
less amount recovered .....	\$
(22) All other expenses .....	\$
(23) <u>Total general and administrative expenses</u> (total of items 12 to 22) .....	\$
(24) <u>TOTAL OPERATING EXPENSES</u> (add items 5, 11, and 23) .....	\$
(25) <u>OPERATING PROFIT</u> (item II A(7) minus item II B(24)) .....	\$

C.

NET GAIN STATEMENT

(26) Other trading income (b) - such as discounts taken on purchases, interest earned. ....	\$
(27) Income tax or provision made, 1947 .....	\$
(28) <u>NET PROFIT OR LOSS</u> (item 26 plus item 26 minus item 27) .....	\$

For notes on (a) and (b) see next page.

## IN THIS SERIES.....

### OPERATING RESULTS OF RETAIL CHAIN STORES (1947)

1. Food chains
2. Clothing chains
3. Miscellaneous chains

### OPERATING RESULTS OF INDEPENDENT RETAIL STORES (1944, 1945, 1946)

1. Food stores
2. Clothing stores
3. Country general and dry goods stores
4. Hardware, furniture, household appliances  
and radio stores
5. Miscellaneous stores
6. Filling stations and garages

### OPERATING RESULTS OF WHOLESALERS (1947)

1. Food and tobacco
2. Dry goods, piece goods, footwear
3. Miscellaneous wholesalers

Price 25¢ each.

Merchandising and Services Section  
Dominion Bureau of Statistics

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## DOMINION BUREAU OF STATISTICS

## MERCHANDISING AND SERVICES SECTION

OTTAWA

Dominion Statistician: HERBERT MARSHALL  
Director, Industry and Merchandising Division: W.H. Losee  
Chief, Merchandising and Services Section: C.H. McDonald

Series, 1947  
No. 18

16-7080

## OPERATING RESULTS OF FOOD WHOLESALERS

1947

Content of the Bulletin

This publication contains the results of a survey on the operations of grocery, fruit and vegetable, tobacco and confectionery wholesalers. No previous survey into the operating costs of these wholesale trades has been made by the Bureau.

Two other bulletins in the 1947 wholesale operations series will cover the following trades:- dry goods, piece goods and footwear; automotive accessories, drugs, hardware, heating and plumbing equipment.

Purpose of the Survey

The costs of distribution, and the allocation of these costs has become the focus of attention of merchants, the general public and government in recent years. While distribution expenses are by no means confined to middlemen and retailers, the approach to the problem of assessing these costs must be made through these types of business organization. The Bureau has carried on extensive studies into the operating expenses of independent retailers, first for the year 1938, and again for 1944, 1945 and 1946.

As a result of requests from the trade, from individuals and from trade associations, it became apparent that the remaining distributive agencies should be surveyed for operating costs. The result has been studies on the operations of retail chains and wholesalers proper covering the year 1947.

### What is Distribution?

The three major channels of distribution -- independent retail firms, chain store firms and wholesalers -- leave untouched much of the field of distribution costs.

The conversion of goods from raw materials to finished products, and the placing of commodities before consumers involves the processes of production and distribution. The distinction between the two terms as made by economics seems quite clear cut. Production involves the addition of physical or form utilities to goods, by means of such acts as processing, fabrication, and transformation. Distribution, on the other hand, involves the addition of time and place utilities to goods, by such means as transportation, storage, merchandising, display, advertising, expenses of carrying stocks (spoilage, shrinkage), losses from bad debts and financing.

It becomes evident from the consideration of this distinction that distribution costs are not limited to the handling of finished consumers' goods, and that a large part of such expense is borne by primary producers and manufacturers during the early stages of fabrication or processing of commodities. The transportation of raw materials, expenses of storage while awaiting processing, financing of inventories, are all distribution costs incurred before the end-product is ready for the ultimate consumer.

While the producer and processor assume some of the costs of distribution, the retailer and wholesaler may take on certain productive functions. Wholesalers may package and repack commodities while certain retailers such as clothiers finish off semi-ready garments or make alterations on finished clothing.

Although the distinction between production and distribution is a useful one, and serves to separate major functions, there are costs which are not clearly one or the other. Some of these difficult to allocate are insurance, financing, taxes, service department costs, and executive salaries. The list is not exhaustive, but where it is impossible to make a clear-cut division of functions, costs are often apportioned on a pro-rata basis, decided upon by the relative expense ratios of more easily allocated functions, such as selling salaries, store occupancy expense, advertising, etc.

Distribution costs, therefore, are not limited to middlemen or retailers but are a part of the interlocking distribution-production system which prepares finished goods and places them before the consumer. The practical distinction between distribution and production is made, however, by dividing industry into units which perform chiefly either the productive or distributive functions.

Major distributive agencies may be classified as follows:

Wholesalers or the Intermediary Trade

- Wholesalers proper
- Manufacturers' sales branches or offices
- Petroleum bulk tank stations
- Agents and Brokers
- Assemblers of primary products
- Other types of operation

Retailers

- Independent Retailers
- Independent Consumer Co-operatives
- Chains - Voluntary chains
  - Chains under central ownership and control
  - Retail co-operative chains

Relative importance of wholesalers proper to total wholesale trade is shown below:

Wholesale Trade - 1941 Census

<u>Type of Operation</u>	<u>Per cent of Total Sales</u>	Source:
Wholesalers proper .....	44.6	
Manufacturers' sales branches ...	22.8	1941 Census,
Petroleum bulk tank stations ....	4.1	Vol. XI,
Agents and brokers .....	17.2	Table 1,
Assemblers of primary products ..	8.5	P. XXXI.
Other types of operation .....	2.8	
	100.0	

The ten trades surveyed accounted for 35 per cent of the sales of all wholesalers proper in 1941.

The Schedule

In order that the form be designed in such a way that it could be filled out with a minimum of effort from existing accounting records, a sample questionnaire was drawn up and despatched to all known firms in the trades surveyed. An accompanying letter requested that the companies make suggestions which would make the items clear and readily understood throughout the trade. The recommendations received were invaluable in the design of the final form.

A facsimile of the main portion of this final schedule is presented on Pages 2 and 3 to help clarify meanings of terms.

#### Methods

The ten trades in the survey were selected for their importance in the field of wholesale distribution of consumer goods to retailers. Other trades of considerable weight were omitted because their sales were made largely to industrial users of lumber and building materials, chemicals, machinery and equipment, etc. As far as possible the wholesalers canvassed were those performing the functions of warehousing and delivery.

Wholesalers proper may be briefly defined as wholesale establishments buying and selling goods on their own account. From this group those types not actually handling the merchandise - drop shippers and desk jobbers - were omitted.

When reports were received, some could not be used for such reasons as manufacturing activities, partial brokerage or agency business, for which expenses could not be separated from the functions of a warehousing and delivery wholesaler. Mixture of commodities not typical of the trade and unrelated as to cost of handling eliminated other returns from tabulation. Where the number of reports was sufficient, the results were tabulated according to the most suitable sales-size range. The salaries of proprietors and partners were included with administrative salaries. Income tax tabulation was made only for incorporated firms.

As with all surveys conducted by the Dominion Bureau of Statistics, only average results are shown and all information submitted by the co-operating firms has been kept in strictest confidence.

# RESULTS OF THE SURVEY.....

All wholesalers proper, as previously defined for inclusion in this survey, were canvassed by mail. Certain firms could not be used as typical and a few firms did not cooperate in submitting reports. The results presented, however, are deemed a good average of the respective trades.

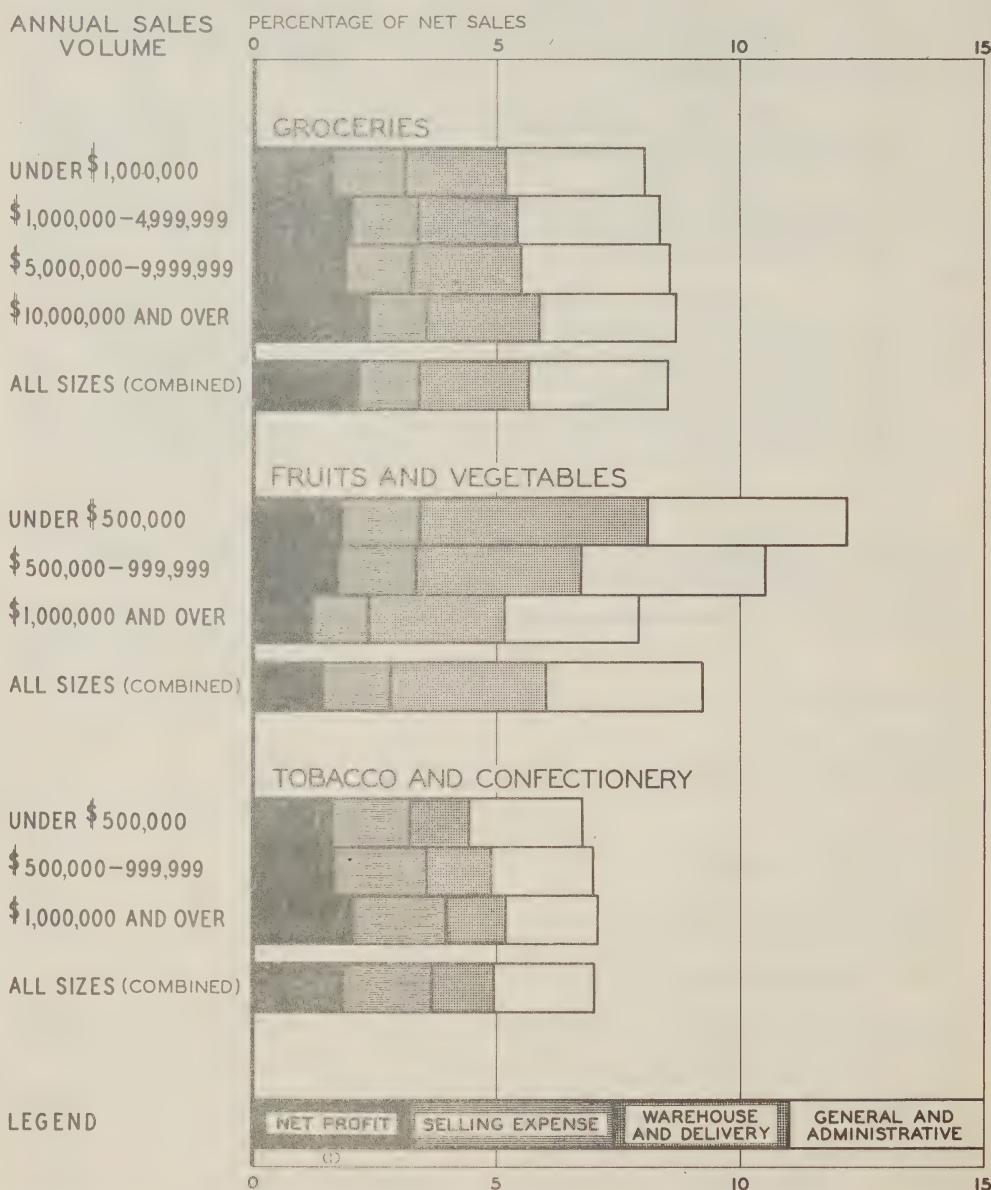
The average sales per firm of grocery wholesalers was much higher than the other kinds, due in part to the presence of a greater number of multiple firms. Fruit and vegetable dealers obtained the highest gross profit but had greater operating expenses, particularly in warehousing and delivery, to net the smallest operating profit - 1.36 per cent of net sales.

Wholesalers of fresh fruits and vegetables sold and replaced their average stock slightly more than once a week; tobacco and confectionery wholesalers 20 times a year and grocery dealers 10 times a year. The proportion of credit sales was different in each, ranging from 90.4 per cent in grocery to 68.5 per cent of total net sales in tobacco and confectionery. A comparison of some of the main operating features of the three trades is shown below.

Table 1. - OPERATING RESULTS OF GROCERY, FRUIT AND VEGETABLE, TOBACCO AND CONFECTIONERY WHOLESALERS COMPARED, 1947

Item	Grocery	Fruit and Vegetable	Tobacco and Confectionery
Number of firms .....	95	62	119
Average sales per firm ..... \$	3,203,758	852,114	809,477
Stock turnover (times per year).	9.9	62.0	20.0
	(Per cent of net sales)		
Gross profit .....	8.07	9.13	6.85
Operating expenses:			
Selling .....	1.31	1.34	1.85
Warehouse and delivery .....	2.17	3.22	1.24
General and administrative ...	2.91	3.21	2.08
Total operating expenses .....	6.39	7.77	5.17
Net operating profit .....	1.68	1.36	1.68
Other trading income .....	0.47	0.10	0.15
Total net profit before income tax deduction .....	2.15	1.46	1.83
Credit sales % total .....	90.4	76.2	68.5
Sales to retail stores ..... %	92.5	73.3	98.7

# OPERATING RESULTS OF WHOLESALERS OF GROCERIES, FRUITS AND VEGETABLES, TOBACCO AND CONFECTIONERY, 1947



(1) INCLUDES OTHER TRADING INCOME AND INCOME TAX

# GROCERIES.....

Ninety-five firms classed as grocery wholesalers returned satisfactory reports. For the purpose of this study, firms selling a high proportion of other commodities were excluded from tabulation. In particular, firms whose sales of fresh fruits and vegetables formed more than 25 per cent of their total net sales were not used. The commodity composition of the sales of the grocery wholesalers used is given below.

To meet requests for regional results, the group with sales between \$1,000,000 and \$4,999,999 - the only group with sufficient firms for such a breakdown - was tabulated by regions. The 95 firms used were divided into the most satisfactory sales-size groups for which a certain amount of description is given below.

## GENERAL INFORMATION ON REPORTING FIRMS

Item	Annual Net Sales					All sizes
	Under \$1,000,000	\$1,000,000 to \$4,999,999	\$5,000,000 to \$9,999,999	\$10,000,000 and over		
Number of firms .....	34	50	6	5		95
Incorporated companies .....	15	45	5	5		70
Single establishments .....	34	46	2	-		82
Commodity composition of sales:						
Groceries ..... %	69.00	76.80	79.60	75.06		75.64
Fresh fruits and vegetables %	1.97	1.96	2.05	11.99		6.98
Tobacco and confectionery .. %	23.88	15.55	15.65	10.07		13.45
Flour and feed .. %	2.75	3.89	-	1.05		2.35
Miscellaneous .. %	2.40	1.80	2.70	1.83		1.58
Distribution of sales to						
Retail stores ..... %	88.76	92.38	92.48	93.14		92.49
Wholesalers and other large users .....	7.09	7.44	7.52	4.65		6.08
Others .....	4.15	0.18	-	2.21		1.43

Summary points in the operations of these firms in 1947 are set out below.

1. For every \$100 net sales in 1947, grocery wholesalers paid \$91.93 as cost of goods and retained \$8.07 to meet expenses and allow a net profit on operations. While gross and net profits were slightly greater in the larger sized firms, operating expenses were very uniform over the four size groups, averaging \$6.39 out of every \$100 net sales. Other trading income added \$0.47 to the net operating profit of \$1.68 to give a total net profit before income tax deduction of \$2.15. (Table 2).

2. With a substantial gain in dollar volume of stocks on hand at the end of the year in all sizes, the rate of turnover ranged between 8.4 and 11.3 times per year over the different size groups. The proportion of credit business increased with sales volume from 80.1 per cent of net sales to 95.6 per cent in the largest class. The largest firms finished the year with the smallest proportion of credit sales unpaid - 4 per cent. (Table 2).
3. Salaries and wages paid accounted for 59 per cent of all operating expenses, or 3.76 per cent of net sales. Of this, warehouse and delivery salaries were the largest component at 1.49 per cent of sales with administrative salaries at 1.42 per cent and selling salaries at 0.85 per cent. (Table 3).
4. Grocery wholesalers of the incorporated type of organization realized an average operating profit of 1.70 per cent, to which was added other trading income of 0.54 per cent. Income tax at 0.99 per cent of net sales reduced the net operating profit to a final net profit of 1.25 per cent. Size of business breakdown of these items is shown in table 4.
5. A regional tabulation of the firms with sales from \$1,000,000 to \$4,999,999 revealed highest gross profits in the Maritimes and Quebec, and highest expenses in the same regions. Ontario firms in this size range obtained the smallest net profits as a percentage of net sales while the Maritimes and the West were highest at 2.06 and 2.02 per cent respectively. (Table 5).

Table 2. - OPERATING RESULTS OF GROCERY WHOLESALERS, 1947

Item	By Size of Firm				
	Under \$1,000,000	\$1,000,000 to \$4,999,999	\$5,000,000 to \$9,999,999	\$10,000,000 and over	Total all sizes
Number of firms .....	34	50	6	5	95
Average net sales ..... \$	654,641	1,898,701	6,710,176	29,380,635	3,203,758
Average cost of goods sold .. \$	603,977	1,746,233	6,149,888	27,013,001	2,945,328
Stock turnover (times per year)	9.6	9.0	8.4	11.3	9.9
Average beginning inventory . \$	54,709	175,821	703,700	2,366,625	280,068
Per cent of sales .....	8.36	9.26	10.49	8.06	8.77
Average ending inventory .... \$	70,964	213,056	761,221	2,416,676	312,803
Per cent of sales .....	10.84	11.22	11.34	8.23	9.76
<u>PROFIT AND LOSS DATA</u>					
(Per cent of net sales)					
Gross profit .....	7.74	8.03	8.35	8.06	8.07
Operating Expenses:					
Selling .....	1.43	1.37	1.38	1.24	1.31
Warehouse and delivery .....	2.06	2.01	2.20	2.28	2.17
General and administrative ..	2.86	2.96	3.13	2.83	2.91
Total operating expenses .....	6.35	6.34	6.71	6.35	6.39
Net operating profit .....	1.39	1.69	1.64	1.71	1.68
Other trading income .....	0.29	0.34	0.26	0.65	0.47
Total net profit before income tax deduction .....	1.68	2.03	1.90	2.36	2.15
<u>MISCELLANEOUS DATA</u>					
Credit sales:					
Average per firm ..... \$	524,302	1,586,365	6,060,631	28,084,949	2,895,236
Per cent of total sales .....	80.09	83.55	90.32	95.59	90.37
Accounts outstanding:					
Average per firm ..... \$	28,994	99,465	324,850	1,117,781	140,419
Per cent of credit sales ....	5.53	6.27	5.36	3.98	4.85

Table 3. - OPERATING EXPENSES OF GROCERY WHOLESALERS, 1947,

Item	By Size of Firm				
	Under \$1,000,000	\$1,000,000 to \$4,999,999	\$5,000,000 to \$9,999,999	\$10,000,000 and over	Total all sizes
	(Per cent of net sales)				
Gross profit .....	7.74	8.03	8.35	8.06	8.07
Operating Expenses:					
<u>Selling expense:</u>					
Salaries .....	1.08	0.92	0.83	0.78	0.85
Travelling .....	0.25	0.32	0.43	0.33	0.34
Advertising .....	0.06	0.08	0.08	0.07	0.07
Other selling expenses .....	0.04	0.05	0.04	0.06	0.05
Total selling expense .....	1.43	1.37	1.38	1.24	1.31
<u>Warehouse and Delivery Expense:</u>					
Salaries and wages .....	1.27	1.38	1.58	1.55	1.49
Maintenance of delivery equipment .....	0.59	0.32	0.46	0.36	0.38
Outward freight, contract hauling .....	0.10	0.20	0.02	0.28	0.20
Warehouse supplies .....	0.05	0.04	0.02	0.07	0.05
Other warehouse and delivery expenses .....	0.05	0.07	0.12	0.02	0.05
Total warehouse and delivery expense .....	2.06	2.01	2.20	2.28	2.17
<u>General and Administrative Expense:</u>					
Salaries .....	1.47	1.51	1.53	1.33	1.42
Employees' benefits .....	0.03	0.06	0.06	0.13	0.09
Occupancy .....	0.41	0.41	0.62	0.45	0.46
Light, heat, and power ....	0.10	0.06	0.07	0.08	0.08
Taxes (1) .....	0.06	0.05	0.03	0.03	0.04
Insurance (1) .....	0.13	0.09	0.11	0.08	0.09
Office supplies .....	0.12	0.10	0.10	0.11	0.11
Postage, telegraph, telephone .....	0.08	0.11	0.13	0.14	0.12
Cash discounts allowed ....	0.05	0.06	-	(a)	0.02
Bad debts - amount allowed or written off .....	0.10	0.14	0.04	0.09	0.10
(Less) Amount recovered ...	0.04	0.04	(a)	(a)	0.02
Net bad debt loss .....	0.06	0.10	0.04	0.09	0.08
All other expenses .....	0.35	0.41	0.44	0.39	0.40
Total general and administrative expense .....	2.86	2.96	3.13	2.83	2.91
<b>Total operating expenses .....</b>	<b>6.35</b>	<b>6.34</b>	<b>6.71</b>	<b>6.35</b>	<b>6.39</b>
Net operating profit .....	1.39	1.69	1.64	1.71	1.68

(1) Excludes amount attributed to real estate which is in occupancy.

(a) Less than 0.005 per cent.

Table 4. - OPERATING RESULTS OF INCORPORATED GROCERY WHOLESALERS, 1947

Item	By Size of Firm				
	Under \$1,000,000	\$1,000,000 to \$4,999,999	\$5,000,000 to \$9,999,999	\$10,000,000 and over	Total all sizes
(Per cent of net sales)					
Gross profit .....	7.98	8.21	8.48	8.06	8.16
Operating expenses .....	6.69	6.48	6.83	6.35	6.46
Net operating profit .....	1.29	1.73	1.65	1.71	1.70
Other trading income .....	0.37	0.33	0.24	0.75	0.54
Total net profit before income tax deduction .....	1.66	2.06	1.89	2.46	2.24
Income tax .....	0.63	0.89	0.85	1.11	0.99
Final net profit .....	1.03	1.17	1.04	1.35	1.25

Table 5. - OPERATING RESULTS OF GROCERY WHOLESALERS - BY REGIONS - 1947

Item	Sales-size \$1,000,000 - \$4,999,999				
	Maritimes	Quebec	Ontario	Prairies and British Columbia	Canada
Number of firms .....	10	13	20	7	50
Average net sales per firm ... \$	1,569,746	1,887,658	1,923,822	2,317,371	1,898,701
<u>PROFIT AND LOSS DATA</u>					
(Per cent of net sales)					
Gross profit .....	8.66	8.64	7.42	7.93	8.03
Operating Expenses:					
Selling .....	1.44	1.55	1.28	1.20	1.37
Warehouse and delivery .....	1.86	2.18	2.09	1.73	2.01
General and administrative ...	3.30	3.12	2.72	2.98	2.96
Total operating expenses .....	6.60	6.85	6.09	5.91	6.34
Net operating profit .....	2.06	1.79	1.33	2.02	1.69

## FRUITS AND VEGETABLES.....

The reports of sixty-two firms in this classification were used in this study. Only 5 firms sold commodities other than fresh fruits and vegetables. The proportion of such other goods was small in each case and it is believed that the overall average of other commodities had a negligible effect on the operating ratios. The 62 firms were divided into the three most satisfactory size groups for which a certain amount of description is given below.

### GENERAL INFORMATION ON REPORTING FIRMS

Item	Annual Net Sales			
	Under \$500,000	\$500,000 to \$999,999	\$1,000,000 and over	Total all sizes
Number of firms .....	29	18	15	62
Incorporated companies .....	9	8	12	29
Single establishments .....	29	18	14	61
Distribution of sales to:				
Retailers ..... %	82.6	70.5	71.6	73.3
Wholesalers and other large users ..... %	16.8	25.6	28.2	25.4
Other ..... %	0.6	3.9	0.2	1.3

Incorporated firms were tabulated separately for profits and income tax. There were insufficient firms in the different size groups to warrant a breakdown by regions. Summary points in the operation of these firms in 1947 are set out below.

1. For every \$100 net sales in 1947, wholesalers of fresh fruits and vegetables paid \$90.87 as cost of goods, leaving \$9.13 to meet expenses and allow a net profit on operations. There was a definite trend toward smaller ratios of profits and expenses in the largest sized firms. Gross profit ranged from 12.13 per cent in the smallest size class to 7.84 per cent in the largest. Net profit before income tax deduction likewise ranged from 1.86 to 1.22 per cent of net sales. (Table 7).

2. As with wholesale grocers, the largest firms in the fruit and vegetable classification extended more credit proportionately than the smaller firms, and had the smallest ratio of credit sales outstanding at the end of the year. They also sold and replaced their stock more rapidly - 73.4 times per year as compared to 46.0 and 58.6 times in the other two size groups. (Table 7.)
3. The largest single expense item in all sizes was warehouse and delivery salaries, which ranged from 2.23 per cent of net sales in the smallest to 1.41 per cent in the largest size class. The all size average of 1.67 per cent together with administrative salaries at 1.48 per cent and selling salaries at 0.98 per cent aggregated a total salary expense of 4.13 per cent of net sales or 53 per cent of all operating expenses. (Table 8.)
4. Incorporated firms obtained a gross profit slightly smaller in ratio to net sales than the all firm average of 9.13 per cent. From \$8.61 out of \$100 net sales, they paid \$7.44 as operating expenses to leave an operating profit of \$1.17. To this was added other income of \$0.10 from which income tax deductions of \$0.56 left a final net profit of \$0.71. Ratios of the same items by size of firm are given below in table 6.

Table 6. - OPERATING RESULTS OF INCORPORATED FRUIT AND VEGETABLE WHOLESALEERS, 1947

Item	By Size of Firm			
	Under \$500,000	\$500,000 to \$999,999	\$1,000,000 and over	Total all sizes
(Per cent of net sales)				
Gross profit .....	12.61	10.97	7.59	8.61
Operating expenses .....	10.56	9.75	6.53	7.44
Net operating profit .....	2.05	1.22	1.06	1.17
Other trading income .....	0.10	0.28	0.06	0.10
Total net profit before income tax deduction .....	2.15	1.50	1.12	1.27
Income tax .....	0.83	0.62	0.52	0.56
Final net profit .....	1.32	0.88	0.60	0.71

Table 7. - OPERATING RESULTS OF FRUIT AND VEGETABLE WHOLESALERS, 1947

Item	By Size of Firm			
	Under \$500,000	\$500,000 to \$999,999	\$1,000,000 and over	Total all sizes
Number of firms .....	29	18	15	62
Average net sales per firm .....	\$ 299,758	709,120	2,091,596	852,114
Average cost of goods sold .....	\$ 263,398	636,148	1,927,597	774,244
Stock turnover (times per year) ...	58.6	46.0	73.4	62.0
Average beginning inventory .....	\$ 4,197	14,061	21,904	11,344
Per cent of net sales .....	1.40	1.98	1.05	1.33
Average ending inventory .....	\$ 4,798	13,625	30,646	13,615
Per cent of net sales .....	1.60	1.92	1.46	1.60
<u>PROFIT AND LOSS DATA</u>				
(Per cent of net sales)				-
Gross profit .....	12.13	10.29	7.84	9.13
Operating Expenses:				
Selling .....	1.62	1.59	1.17	1.34
Warehouse and delivery .....	4.63	3.36	2.77	3.22
General and administrative .....	4.08	3.77	2.74	3.21
Total operating expenses .....	10.33	8.72	6.68	7.77
Net operating profit .....	1.80	1.57	1.16	1.36
Other trading income .....	0.06	0.22	0.06	0.10
Total net profit before income tax deduction .....	1.86	1.79	1.22	1.46
<u>MISCELLANEOUS DATA</u>				
Credit sales:				
Average per firm .....	\$ 186,599	546,093	1,681,016	648,970
Per cent of total sales .....	62.25	77.01	80.37	76.16
Accounts outstanding:				
Average per firm .....	\$ 12,707	32,383	66,064	31,540
Per cent of credit sales .....	6.81	5.93	3.93	4.86
Sales per 1,000 sq. ft. floor space .....	\$ 75,534	86,084	136,789	102,200

Table 8. - OPERATING EXPENSES OF FRUIT AND VEGETABLE WHOLESAVERS, 1947

Item	By Size of Firm			
	Under \$500,000	\$500,000 to \$999,999	\$1,000,000 and over	Total all sizes
(Per cent of net sales)				
Gross profit .....	12.13	10.29	7.84	9.14
Operating Expenses:				
<u>Selling expense:</u>				
Salaries .....	1.21	1.08	0.87	0.98
Travelling .....	0.30	0.38	0.22	0.27
Advertising .....	0.03	0.07	0.05	0.05
Other selling expenses .....	0.08	0.06	0.03	0.04
Total selling expense .....	1.62	1.59	1.17	1.34
<u>Warehouse and Delivery Expense:</u>				
Salaries and wages .....	2.23	1.91	1.41	1.67
Maintenance of delivery equipment .....	1.49	0.99	0.47	0.76
Outward freight, contract hauling .....	0.56	0.19	0.61	0.50
Warehouse supplies .....	0.23	0.14	0.08	0.12
Other warehouse and delivery expenses .....	0.12	0.13	0.20	0.17
Total warehouse and delivery expense .....	4.63	3.36	2.77	3.22
<u>General and Administrative Expense:</u>				
Salaries .....	2.13	1.82	1.16	1.48
Employees' benefits .....	0.04	0.03	0.07	0.06
Occupancy .....	0.56	0.63	0.32	0.44
Light, heat, and power .....	0.13	0.09	0.05	0.07
Taxes (1) .....	0.10	0.06	0.02	0.04
Insurance (1) .....	0.09	0.11	0.08	0.09
Office supplies .....	0.13	0.08	0.09	0.10
Postage, telegraph, telephone .....	0.25	0.24	0.29	0.27
Cash discounts allowed .....	0.02	(a)	(a)	0.01
Bad debts - amount allowed or written off .....	0.12	0.09	0.11	0.11
(Less) Amount recovered .....	0.02	0.03	0.04	0.04
Net bad debt loss .....	0.10	0.06	0.07	0.07
All other expenses .....	0.53	0.65	0.59	0.58
Total general and administrative expense .....	4.08	3.77	2.74	3.21
Total operating expenses .....	10.33	8.72	6.68	7.77
Net operating profit .....	1.80	1.57	1.16	1.37

(1) Excludes amount attributed to real estate which is in occupancy.

(a) Less than 0.005 per cent.

## TOBACCO AND CONFECTIONERY.....

Firms in this classification were generally engaged in selling only tobacco and confectionery. Some sold a small amount of groceries and some miscellaneous goods were handled by a few firms, such as paper goods, smokers' sundries, soft drinks. These other commodities were not sold in sufficient quantity to have any noticeable effect on the average results as shown in this report.

One hundred and nineteen firms submitted satisfactory reports. These were divided into three sales-size groups for tabulation. To meet requests for regional figures, a second tabulation was made by regions for all sizes combined. Income tax data together with major expenses and profits were tabulated for incorporated firms. A certain amount of description on the contributing firms is given below.

### GENERAL INFORMATION ON REPORTING FIRMS

Item	Annual Net Sales			
	Under \$500,000	\$500,000 to \$999,999	\$1,000,000 and over	Total all sizes
Number of firms .....	49	48	22	119
Incorporated companies .....	9	20	18	47
Single establishments .....	49	47	19	115
Distribution of sales to:				
Retailers ..... %	97.94	98.32	99.29	98.71
Wholesalers and other large users ..... %	1.23	1.36	0.71	1.03
Others ..... %	0.83	0.32	..	0.26

Summary points in the operations of these firms in 1947 include the following:

1. In 1947, tobacco and confectionery wholesalers operated on an average gross profit or margin smaller than other kinds of wholesale business surveyed. Out of every \$100 net sales, \$93.15 was paid out as cost of merchandise sold and \$5.17 for operating expenses, leaving a net operating profit of \$1.68. To this was added \$0.15 as other trading income to net a total profit before income tax deduction of \$1.83. No significant trend by size groups was apparent in these items. (Table 9.)

2. Inventories at the end of the year were in greater dollar volume than at the beginning in all size classes and the rate of stock turnover increased from 18 times in the smallest to 22 times per year in the largest class. The largest firms sold a smaller proportion on credit and also finished the year with a greater proportion of credit sales outstanding. (Table 9.)
3. The largest single item of expense was selling salaries - 1.45 per cent of net sales for the all firm average. With warehouse and delivery, and administrative salaries added, a total 3.35 per cent of sales was spent on salaries and wages, forming almost 65 per cent of all operating expenses. Other details of expense are shown in table 10.
4. In table 11, gross and net profit with the major expense items are presented by regions. Firms in Ontario and Quebec operated on the smallest gross profit or margin but made up a part of this disadvantage in smaller total operating expenses. Quebec showed the smallest net profit and the Prairies and British Columbia the largest.
5. Firms of the incorporated type of organization obtained slightly greater gross profits than the all type average. To a net operating profit of 1.74 per cent of net sales they added other trading income of 0.17 and paid income tax of 0.81 per cent. This tax formed approximately 42 per cent of total net operating profit. (Table 12.)

Table 9. - OPERATING RESULTS OF TOBACCO AND CONFECTIONERY WHOLESALERS, 1947

Item	By Size of Firm			
	Under \$500,000	\$500,000 to \$999,999	\$1,000,000 and over	Total all sizes
Number of firms .....	49	48	22	119
Average net sales per firm .....	\$ 362,133	700,154	2,044,357	809,477
Average cost of goods sold .....	\$ 337,942	652,273	1,902,865	754,044
Stock turnover (times per year) ...	18.0	19.1	21.7	20.0
Average beginning inventory .....	\$ 17,695	31,498	80,554	34,884
Per cent of net sales .....	4.89	4.50	3.94	4.31
Average ending inventory .....	\$ 19,848	36,839	94,484	40,500
Per cent of net sales .....	5.48	5.26	4.62	5.00
<b>PROFIT AND LOSS DATA</b>				
(Per cent of net sales)				
Gross profit .....	6.68	6.84	6.92	6.85
Operating Expenses:				
Selling .....	1.56	1.92	1.91	1.85
Warehouse and delivery .....	1.20	1.28	1.22	1.24
General and administrative .....	2.37	2.11	1.94	2.08
Total operating expenses .....	5.13	5.31	5.07	5.17
Net operating profit .....	1.55	1.53	1.85	1.68
Other trading income .....	0.10	0.15	0.17	0.15
Total net profit before income tax deduction .....	1.65	1.68	2.02	1.83
<b>MISCELLANEOUS DATA</b>				
Credit sales:				
Average per firm .....	\$ 282,065	507,402	1,237,449	554,410
Per cent of total sales .....	77.89	72.47	60.53	68.49
Accounts outstanding:				
Average per firm .....	\$ 19,068	33,793	111,989	42,024
Per cent of credit sales .....	6.76	6.66	9.05	7.58
Sales per 1,000 sq. ft. floor space .....	\$ 157,067	203,175	151,293	170,423

Table 10. - OPERATING EXPENSES OF TOBACCO AND CONFECTIONERY WHOLESAILERS, 1947

## By Size of Firm

Item	Under \$500,000	\$500,000 to \$999,999	\$1,000,000 and over	Total all sizes
(Per cent of net sales)				
Gross profit .....	6.68	6.84	6.92	6.85
<b>Operating Expenses:</b>				
<u>Selling expense</u>				
Salaries .....	1.27	1.57	1.44	1.45
Travelling .....	0.18	0.26	0.40	0.31
Advertising .....	0.07	0.04	0.03	0.04
Other selling expenses .....	0.04	0.05	0.04	0.05
Total selling expense .....	1.56	1.92	1.91	1.85
<u>Warehouse and Delivery Expense:</u>				
Salaries and wages .....	0.64	0.77	0.75	0.74
Maintenance of delivery equipment .....	0.41	0.37	0.32	0.36
Outward freight, contract hauling .....	0.07	0.06	0.07	0.07
Warehouse supplies .....	0.03	0.04	0.05	0.04
Other warehouse and delivery expense .....	0.05	0.04	0.03	0.03
Total warehouse and delivery expense .....	1.20	1.28	1.22	1.24
<u>General and Administrative Expense:</u>				
Salaries .....	1.36	1.18	1.06	1.16
Employees' benefits .....	0.01	0.03	0.04	0.03
Occupancy .....	0.29	0.21	0.17	0.21
Light, heat, and power .....	0.06	0.05	0.03	0.04
Taxes (1) .....	0.04	0.03	0.03	0.03
Insurance (1) .....	0.10	0.09	0.08	0.09
Office supplies .....	0.08	0.06	0.07	0.07
Postage, telegraph, telephone .....	0.07	0.07	0.07	0.07
Cash discounts allowed .....	0.02	0.01	0.02	0.01
Bad debts - amount allowed or written off .....	0.11	0.13	0.13	0.13
(Less) Amount recovered .....	0.01	0.02	0.01	0.02
Net bad debt loss .....	0.10	0.11	0.12	0.11
All other expenses .....	0.24	0.27	0.25	0.26
Total general and administrative expense .....	2.37	2.11	1.94	2.08
Total operating expenses .....	5.13	5.31	5.07	5.17
Net operating profit .....	1.55	1.53	1.85	1.68

(1) Excludes amount attributed to real estate which is in occupancy.

Table 11. - OPERATING RESULTS OF TOBACCO AND CONFECTIONERY WHOLESALERS, 1947

Item	By Regions					
	Maritimes	Quebec	Ontario	Prairies	British Columbia	Canada
Number of firms .....	6	31	52	20	10	119
Average sales per firm ... \$	553,288	723,508	825,025	894,014	979,772	809,477
<b>PROFIT AND LOSS DATA</b> (Per cent of net sales)						
Gross profit .....	7.34	6.02	6.99	7.15	7.38	6.85
Operating Expenses:						
Selling .....	1.81	2.11	1.67	1.95	1.85	1.85
Warehouse and delivery ...	1.57	1.19	1.35	1.00	1.13	1.24
General and administrative	2.69	1.71	2.11	2.31	2.20	2.08
Total operating expenses ...	6.07	5.01	5.13	5.26	5.18	5.17
Net operating profit .....	1.27	1.01	1.86	1.89	2.20	1.68

Table 12. - OPERATING RESULTS OF INCORPORATED TOBACCO AND CONFECTIONERY WHOLESALERS, 1947

Item	By Size of Firm			
	Under \$500,000	\$500,000 to \$999,999	\$1,000,000 and over	Total all sizes
(Per cent of net sales)				
Gross profit .....	6.44	7.03	7.17	7.08
Operating expenses .....	5.51	5.70	5.19	5.34
Net operating profit .....	0.93	1.33	1.98	1.74
Other trading income .....	0.17	0.13	0.18	0.17
Total net operating profit before income tax deduction .....	1.10	1.46	2.16	1.91
Income tax .....	0.37	0.53	0.96	0.81
Final net profit .....	0.73	0.93	1.20	1.10

GOVERNMENT OF CANADA

UNIVERSITY OF TORONTO  
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OPERATING RESULTS  
OF  
FOOD WHOLESALERS

1949





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FOOD WHOLESALERS  
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## **NOTICE**

The Industry and Merchandising Division of the Bureau of Statistics collects and compiles figures on (a) the primary industries in Canada — mining, forestry, and fishing; (b) manufacturing; (c) construction; and (d) merchandising and services.

For the purpose of annual compilation and publication, reports on merchandising and services have been classified as follows:

### **Part I — Wholesale Statistics**

- A. General Review
- B. Wholesale Trade
- C. Operating Results of Food Wholesalers
- D. Operating Results of Dry Goods, Piece Goods, and Footwear Wholesalers
- E. Operating Results of Miscellaneous Wholesalers (automotive equipment, drugs, hardware, plumbing and heating equipment)

### **Part II — Retail Statistics**

- F. General Review
- G. Retail Trade
- H. Department Store Sales and Stocks
- I. Retail Chain Stores
- J. Operating Results of Food Store Chains
- K. Operating Results of Clothing Store Chains
- L. Operating Results of Miscellaneous Chain Stores (variety, drug, furniture)

### **Part III — Services and Special Fields**

- M. Laundries, Cleaners and Dyers
- N. Theatres
- P. Advertising Agencies (Memorandum)
- Q. Sales Financing
- R. Farm Implement and Equipment Sales
- AA. New Motor Vehicle Sales and Motor Vehicle Financing

The reports are punched to permit of filing in a ring binder.

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## OPERATING RESULTS - LIST OF REPORTS

### WHOLESALE TRADE (1947 and 1949)

1. Food Wholesalers
2. Dry Goods, Piece Goods, Footwear Wholesalers
3. Miscellaneous Wholesalers (Automotive Parts and Accessories, Hardware, Plumbing and Heating Supplies, Drugs)

### INDEPENDENT RETAIL STORES (1944, 1945, 1946 and 1948)

1. Food Stores
2. Clothing Stores
3. Hardware, Furniture, Household Appliance and Radio Stores
4. Filling Stations and Garages
5. Miscellaneous Stores (Country General, Restaurants, Fuel, Drugs, Jewellery, Tobacco Stores)

### RETAIL CHAIN STORES (1947 and 1949)

1. Food Store Chains
2. Clothing Store Chains
3. Miscellaneous Chain Stores (Variety, Furniture, Drugs)



## INTRODUCTION

The following explanatory notes describe certain features of the operating results series contained in this report.

### Scope

This study is confined to **wholesalers proper**, i.e. those wholesalers performing the full selling, warehousing and delivery functions. Agents, brokers, drop shippers and other specialized types of wholesale distributor are **not included**. Three separate trades are covered — grocery, fruit and vegetable, and tobacco and confectionery wholesalers.

### Content

Most emphasis has been placed on the presentation of profit and loss statistics. Average gross and net profits and detailed operating expenses are shown for the most suitable sales-size classes. Operating expenses appear separately for selling, warehouse and delivery, and administrative and general departments. The customary profit and loss details are supplemented by information on other related operating features including inventories, rate of stock turnover, credit sales and receivables, and floor space used. Wherever possible, a table showing regional figures has been prepared. Reports from Newfoundland wholesalers are not included. Proprietors' salaries were included with administrative salaries. An income tax tabulation was made for incorporated companies only.

### Purpose

The primary purpose of the operating costs surveys is to provide averages on the different phases of business operations against which firms in the same trade may make direct comparisons with their own operating results. They also provide useful information to others interested in the cost of distribution of consumer goods.

### Period Covered

This report deals largely with 1949 operations and is the second biennial publication in a series begun in 1947. Certain summary tables show comparative results for both years.

### New Feature

Middle range figures for gross and net profits, and for the three main functional divisions of expense, have been introduced as a new feature. Results for one-half of all firms fell within the range shown for each item; while one-quarter of the firms fell on either side of the range limits indicated. Because each item was treated singly, the sum of net profit and the expense items does not necessarily equal gross profit in those tables showing middle range data.



## SUMMARY OF 1949 RESULTS BY TRADES

In summary form the following table shows comparative results for the three kinds of wholesale business covered in this report. In analysing the performance of an individual wholesale company,

reference should be made to the more detailed tables appearing in later sections of this report. In these tables variations arising from differences in sales-size and geographical location are revealed.

### Operating Results of Grocery, Fruit and Vegetable, Tobacco and Confectionery Wholesalers Compared, 1949

Item	Grocery	Fruit and Vegetable	Tobacco and Confectionery
Number of firms.....	110	91	134
Average sales per firm..... \$	2,525,529	751,509	955,988
Stock turnover (times per year).....	9.7	40.4	19.5
( Percent of net sales )			
Gross profit.....	7.73	10.57	7.14
Operating expenses:			
Selling .....	1.46	1.86	2.00
Warehouse and delivery.....	2.25	3.82	1.32
Administrative and general.....	3.38	3.76	2.33
Total operating expenses .....	7.09	9.44	5.65
Net operating profit.....	0.64	1.13	1.49
Other trading income .....	0.59	0.16	0.18
Total net profit before income tax deduction.....	1.23	1.29	1.67
Credit sales .....	84.89	79.23	73.20
Sales to retail stores.....	90.76	82.71	99.06

Average sales of grocery firms were much higher than for the other two trades. Stock turnover of fruit and vegetable wholesalers was twice as rapid as that of tobacco and confectionery wholesalers and four times as frequent as that for grocery firms. Gross profits were highest for fruit and vegetable wholesalers, but high expense ratios for that trade reduced net profit to a position between that of the

other two trades. Tobacco and confectionery wholesalers, operating on the lowest gross profit of the three trades, had comparatively lower expenses and enjoyed the highest net profit. The division of expenses between the three main expense groups was distinctly different for each of the three trades. Credit sales formed over 70% of total sales in all trades, but the 85% reported for grocery wholesalers was highest.

## GROCERIES

Some general characteristics of the 110 wholesale grocers whose figures were used in the preparation of these statistics are described below.

### Description of Reporting Firms

Item	Firms with 1949 sales of				Total all sizes
	Under \$1,000,000	\$1,000,000 to \$4,999,999	\$5,000,000 to \$9,999,999	\$10,000,000 and over	
Number of firms.....	48	52	5	5	110
Form of organization:					
Individual proprietorship .....	14	1	1	—	16
Partnership .....	8	5	—	—	13
Incorporated company.....	26	46	4	5	81
Number of establishments operated:					
By single-establishment firms.....	47	46	1	—	94
By multiple-establishment firms.....	2	13	19	63	97
Distribution of sales:					
To retailers..... %	86.16	91.46	97.21	89.03	90.76
To other wholesalers and large users.... %	12.47	7.94	2.79	10.97	8.89
To others..... %	1.37	0.60	—	—	0.35

A high percentage of the wholesale grocers were incorporated companies, and 94 out of 110 operated only one place of business. The 16 multiple firms carried on business through 97

outlets. Sales to retail stores formed nearly 91% of total sales and the bulk of the remaining sales was made to other wholesalers and large users such as institutions.

### REVIEW OF 1949 OPERATING RESULTS

#### Profit and Expense Ratios

Grocery wholesalers obtained an average gross profit of 7.73% of net sales from their 1949 business operations. Administrative and general expenses were 3.38% of sales, accounting for almost half of all expenses. Warehouse and delivery expenses were

2.25% and selling added an additional 1.46%. Net operating profit was 0.64% but, with the inclusion of other income, total net profit before income tax deduction became 1.23% of sales. Twenty-three firms reported operating losses for 1949.

#### Inventories and Stock Turnover

Inventories at the end of 1949 dropped to 9.02% of sales from 9.96% at the beginning of the year. The rate of stock turnover—average inventories divided

into cost of goods sold—was 9.7 times during the year. There was a more rapid rate of stock turn in the upper sales-size category.

#### Credit Sales and Receivables

In 1949, 85% of wholesale grocers' sales were made on credit. This percentage generally increased with size of firm and ranged from 74% to 92%. While the larger firms extended credit more liberally than did the smaller firms, customers' accounts outstand-

ing at the end of the year formed a lower percentage of credit sales in the larger than in the smaller businesses. For all sizes combined, 5.83% of credit sales remained as outstanding accounts at the end of the year.

## Regional Results

Maritime and Quebec grocery wholesalers obtained gross profits higher than the Canada average of 7.73%. The Prairies and British Columbia combined operated on a gross profit of 7.73%, identical with the Canada average, and Ontario was lowest at 7.41%. Ontario wholesalers operated with the

smallest relative expenses while Quebec and the Maritimes had expenses amounting to 7.30% and 7.21% of net sales respectively. Net profit before income tax deduction ranged from 0.60% of sales in the west to 0.77% in the Maritimes. (See Table 2).

## Range Figures

It is possible to show middle range figures only for the two smaller size classes, the number of firms in the higher brackets being too small. All 110 firms have been used to arrive at the figures shown under "Total, all sizes". With the middle 50% range are shown average ratios

for the respective size groups. Gross profit for the half of the firms centered on the median were within the limits of 6.4% and 8.7% of net sales while net profits were grouped between the break-even point and 1.1%. (See Table 3).

TABLE 1. Operating Results of Grocery Wholesalers, 1949, by Size of Firm

Item	Firms with 1949 sales of				Total all sizes
	Under \$1,000,000	\$1,000,000 to \$4,999,999	\$5,000,000 to \$9,999,999	\$10,000,000 and over	
Number of firms.....	48	52	5	5	110
Average net sales per firm..... \$	556,358	1,941,090	7,614,890	22,418,352	2,525,529
Average cost of goods sold..... \$	513,738	1,791,276	7,015,010	20,688,874	2,330,230
Stock turnover (times per year).....	9.0	8.7	9.1	11.5	9.7
Average beginning inventory .....	59,073	209,058	834,775	1,959,483	251,617
Percent of sales.....	10.62	10.77	10.96	8.74	9.96
Average ending inventory .....	55,688	203,772	702,779	1,654,857	227,794
Percent of sales .....	10.01	10.50	9.22	7.38	9.02
<b>PROFIT AND LOSS DATA (Percent of net sales)</b>					
Gross profit.....	7.66	7.72	7.88	7.71	7.73
Operating expenses:					
Selling expense:					
Salaries .....	1.11	1.04	1.01	0.71	0.91
Travelling.....	0.45	0.31	0.52	0.34	0.36
Advertising.....	0.07	0.10	0.14	0.07	0.09
Other selling expense.....	0.04	0.08	0.07	0.13	0.10
<b>Total selling expense.....</b>	<b>1.67</b>	<b>1.53</b>	<b>1.74</b>	<b>1.25</b>	<b>1.46</b>
Warehouse and delivery expense:					
Salaries and wages .....	1.40	1.66	1.63	1.52	1.57
Maintenance of delivery equipment.....	0.59	0.44	0.57	0.31	0.42
Outward freight, contract hauling.....	0.10	0.16	—	0.20	0.15
Warehouse supplies.....	0.06	0.06	0.03	0.03	0.04
Other warehouse and delivery expense.....	0.07	0.06	0.10	0.06	0.07
<b>Total warehouse and delivery expense.....</b>	<b>2.22</b>	<b>2.38</b>	<b>2.33</b>	<b>2.12</b>	<b>2.25</b>
Administrative and general expense:					
Salaries .....	1.74	1.61	1.46	1.62	1.61
Employees' benefits.....	0.04	0.09	0.08	0.21	0.13
Occupancy .....	0.51	0.46	0.59	0.60	0.54
Light, heat, and power.....	0.10	0.08	0.09	0.09	0.09
Taxes <sup>1</sup> .....	0.07	0.06	0.06	0.05	0.06
Insurance <sup>1</sup> .....	0.10	0.10	0.09	0.11	0.11
Office supplies.....	0.11	0.13	0.10	0.20	0.15
Postage, telegraph, telephone .....	0.09	0.11	0.15	0.10	0.11
Cash discounts allowed.....	0.05	0.04	—	0.01	0.02
Bad debts - amount written off .....	0.16	0.13	0.03	0.10	0.10
(Less) Amount recovered .....	0.02	0.04	2	0.01	0.02
Net bad debt loss .....	0.14	0.09	0.03	0.09	0.08
All other expense .....	0.32	0.44	0.23	0.64	0.48
<b>Total administrative and general expense.....</b>	<b>3.27</b>	<b>3.21</b>	<b>2.88</b>	<b>3.72</b>	<b>3.38</b>

1. Excludes amount attributed to real estate which is in occupancy expense.

2. Less than 0.005%.

TABLE 1. Operating Results of Grocery Wholesalers, 1949, by Size of Firm — Concluded

Item	Firms with 1949 sales of				Total all sizes
	Under \$1,000,000	\$1,000,000 to \$4,999,999	\$5,000,000 to \$9,999,999	\$10,000,000 and over	
<b>PROFIT AND LOSS DATA — Concluded (Percent of net sales)</b>					
Total operating expenses.....	7.16	7.12	6.95	7.09	7.09
Net operating profit.....	0.50	0.60	0.93	0.62	0.64
Other trading income.....	0.24	0.40	0.17	1.00	0.59
<b>Total net profit before income tax deduction.....</b>	<b>0.74</b>	<b>1.00</b>	<b>1.10</b>	<b>1.62</b>	<b>1.23</b>
<b>MISCELLANEOUS DATA</b>					
Credit sales:					
Average per firm.....	\$ 426.671	1,444,365	7,036,158	20,600,223	2,143,921
Percent of total sales.....	76.69	74.41	92.40	91.89	84.89
Accounts outstanding:					
Average per firm.....	\$ 29,867	95,328	462,979	1,048,551	124,991
Percent of credit sales.....	7.00	6.60	6.58	5.09	5.83

TABLE 2. Operating Results of Grocery Wholesalers, by Regions, 1949

Item	Maritimes	Quebec	Ontario	Prairies and British Columbia	Canada
Number of firms.....	29	29	35	17	110
Average sales per firm.....	\$ 1,448,997	1,512,056	1,890,960	7,397,297	2,525,529
<b>PROFIT AND LOSS DATA (Percent of net sales)</b>					
Gross profit.....	7.98	7.97	7.41	7.73	7.73
Operating expenses:					
Selling .....	1.44	1.66	1.42	1.42	1.46
Warehouse and delivery.....	2.25	2.47	2.40	2.10	2.25
Administrative and general .....	3.52	3.17	2.97	3.61	3.38
<b>Total operating expenses.....</b>	<b>7.21</b>	<b>7.30</b>	<b>6.79</b>	<b>7.13</b>	<b>7.09</b>
<b>Net operating profit before other income and income tax deduction.....</b>	<b>0.77</b>	<b>0.67</b>	<b>0.62</b>	<b>0.60</b>	<b>0.64</b>

TABLE 3. Average and Middle Range Ratios of Grocery Wholesalers, 1949

Item	Firms with 1949 sales of				Total all sizes	
	Under \$1,000,000		\$1,000,000 to \$4,999,999			
	Average	Middle range	Average	Middle range	Average	Middle range
(Percent of net sales)						
Gross profit.....	7.7	6.3 - 8.7	7.7	6.5 - 8.8	7.7	6.4 - 8.7
Selling expense.....	1.7	1.2 - 2.3	1.5	1.1 - 1.9	1.5	1.2 - 1.9
Warehouse and delivery expense.....	2.2	1.7 - 2.5	2.4	1.9 - 2.7	2.2	1.8 - 2.7
Administrative and general expense .....	3.3	2.5 - 3.8	3.2	2.7 - 3.9	3.4	2.6 - 3.8
<b>Net profit before other income or income tax deduction.....</b>	<b>0.5</b>	<b>0.0 - 1.1</b>	<b>0.6</b>	<b>0.1 - 1.1</b>	<b>0.6</b>	<b>0.0 - 1.1</b>

## INCORPORATED COMPANIES, 1949

The average gross and net profit of incorporated firms was similar to the "all-types" average. Other income of 0.57% added to net operating profit of 0.62%

gave a net profit before income tax deduction amounting to 1.19% of net sales. Income tax deduction reduced this profit to a final net profit of 0.79% of sales.

## Operating Results of Incorporated Grocery Wholesalers, 1949, by Size of Firm

Item	Firms with 1949 sales of				Total all sizes
	Under \$1,000,000	\$1,000,000 to \$4,999,999	\$5,000,000 to \$9,999,999	\$10,000,000 and over	
(Percent of net sales)					
Gross profit.....	8.01	6.99	8.11	7.71	7.50
Operating expenses.....	7.53	6.50	6.99	7.09	6.88
Net operating profit.....	0.48	0.49	1.12	0.62	0.62
Other trading income.....	0.22	0.31	0.10	1.00	0.57
Total net profit before income tax deduction.....	0.70	0.80	1.22	1.62	1.19
Income tax .....	0.21	0.27	0.44	0.54	0.40
Final net profit.....	0.49	0.53	0.78	1.08	0.79

## COMPARISON OF 1947 AND 1949 RESULTS

A total of 95 firms reported to the 1947 survey on grocery wholesalers. Reports were received on 1949 operations from 110 companies; of these, 70

reported for both years. Comparative results for all respondents and for the 70 which reported to both surveys are summarized below:

## Operating Results of Grocery Wholesalers, 1947 and 1949 Compared

Item	All Respondents		Identical Firms	
	1947	1949	1947	1949
Number of firms.....	95	110	70	70
Average sales per firm..... \$	3,203,758	2,525,529	2,910,005	3,031,871
(Percent of net sales)				
Gross profit .....	8.07	7.73	8.17	7.69
Operating expenses:				
Selling.....	1.31	1.46	1.29	1.42
Warehouse and delivery.....	2.17	2.25	2.12	2.27
Administrative and general .....	2.91	3.38	3.12	3.29
Total operating expenses.....	6.39	7.09	6.53	6.98
Net profit before other income or income tax deduction.....	1.68	0.64	1.64	0.71

Gross profit was 4% lower in 1949 than in 1947 while operating expenses were 11% greater. The

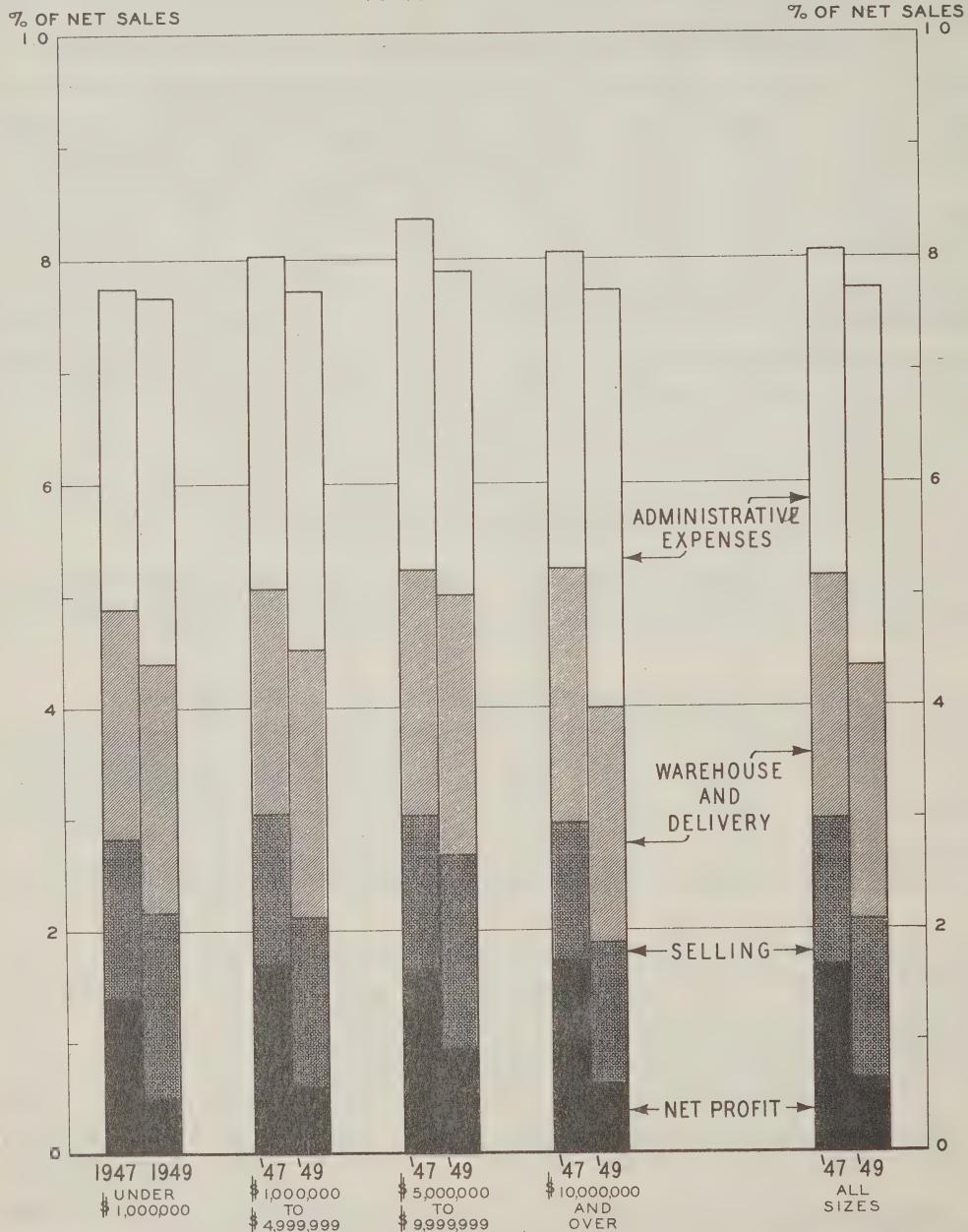
result was a sharp reduction in net profit from 1.68% of sales in 1947 to 0.64% in 1949.

CHART I.

# OPERATING RESULTS OF GROCERY WHOLESALERS

GROSS PROFIT = NET PROFIT + SELLING + WAREHOUSE AND DELIVERY + ADMINISTRATIVE EXPENSES

1947 AND 1949



## FRUITS AND VEGETABLES

A description of the 91 fruit and vegetable wholesalers whose reports were used in the pre-

paration of results for this trade is given below.

### Description of Reporting Firms

Item	Firms with 1949 sales of			Total all sizes
	Under \$500,000	\$500,000 to \$999,999	\$1,000,000 and over	
Number of firms .....	45	27	19	91
Form of organization:				
Individual proprietorship.....	16	7	1	24
Partnership.....	20	6	3	29
Incorporated company.....	9	14	15	38
Number of establishments operated:				
By single-establishment firms.....	45	27	16	88
By multiple-establishment firms .....	-	--	6	6
Distribution of sales:				
To retailers .....	%	79.28	83.20	82.71
To wholesalers and other large users .....	%	19.84	15.95	16.90
To others .....	%	0.88	0.85	0.39

About half of the firms fell within the "Under \$500,000" sales-size category. Only three companies operated more than one establishment.

Most sales were made to retailers — about 83% — and the greater part of the remainder to other wholesalers and large users such as institutions.

### REVIEW OF 1949 OPERATING RESULTS

#### Profit and Expense Ratios

Out of a gross profit of 10.57% of net sales, fruit and vegetable wholesalers paid operating costs of 9.44%. Net operating profit of 1.13% was supplemented by other income of 0.16% making a total net profit of 1.29% before deduction of income tax. Warehouse and delivery expenses were 3.82% of net sales, administrative and general expenses accounted for

3.76% and selling expenses for 1.86%. Operating expenses were a smaller percentage of total sales in the larger than in the smaller businesses while net profits were greater for the larger firms. Salaries constituted the largest expense item, approximately 55% of total operating expenses. Twenty-two firms reported operating losses for 1949.

#### Inventories and Stock Turnover

Average inventories were lower at the end of the year than at the beginning, declining from \$16,895 to \$16,340. Stock was sold and replaced 40.4 times

in 1949. The stock turnover rate was highest — 47.8 times in the year — for firms in the \$500,000-\$999,999 sales bracket.

## Credit Sales and Receivables

About 79% of sales was transacted on credit terms. The proportion ranged from 71% in the smallest size-class to 87% in the largest. Accounts

outstanding at the end of the year represented 5.64% of credit sales with the smaller firms showing the largest proportion of unpaid accounts.

## Regional Results

Highest gross profits were reported by fruit and vegetable wholesalers in the Maritimes and British Columbia, 12.42% and 12.23% of sales respectively. Quebec wholesalers had the lowest gross profit,

8.81%. Operating expenses followed somewhat the same pattern with net profits amounting to 2.01% in British Columbia, 1.53% in the Maritimes and reaching a low of 0.75% in Quebec. (See Table 5).

## Range Figures

For each of the three sales-size groups, as well as for the aggregate of the three, table 6 indicates the range within which the middle half of the respondents fell. For example, in the case of firms with less than \$500,000 sales in 1949, one quarter of them had gross profits of less than 9.5% of sales and one quarter had profits greater than 14.3%. The remaining half of the firms had profits

which fell between these two limits. The average ratios shown are from Table 4. For all sizes combined, gross profits for the middle half of the firms ranged from 8.7% to 13.2% of net sales. The range in net profits for the middle half was from 0.1% to 1.9%. Attention is again drawn to the fact that net profit and the three expense items for range figures do not necessarily equal gross profit. (See Table 6).

TABLE 4. Operating Results of Fruit and Vegetable Wholesalers, 1949, by Size of Firm

Item	Firms with 1949 sales of			Total all sizes
	Under \$500,000	\$500,000 to \$999,999	\$1,000,000 and over	
Number of firms.....	45	27	19	91
Average net sales per firm..... \$	283,566	665,941	1,981,392	751,509
Average cost of goods sold..... \$	250,048	598,070	1,776,904	672,101
Stock turnover (times per year).....	43.3	47.8	36.9	40.4
Average beginning inventory .....	\$ 5,375	12,840	49,941	16,895
Percent of sales.....	1.90	1.92	2.52	2.25
Average ending inventory..... \$	6,179	12,160	46,347	16,340
Percent of sales.....	2.18	1.83	2.34	2.17
<b>PROFIT AND LOSS DATA</b>				
(Percent of net sales)				
Gross profit.....	11.82	10.19	10.32	10.57
Operating expenses:				
Selling expense:				
Salaries.....	1.50	1.37	1.46	1.44
Travelling.....	0.22	0.29	0.30	0.28
Advertising.....	0.07	0.07	0.06	0.07
Other selling expense.....	0.07	0.10	0.06	0.07
Total selling expense.....	1.86	1.83	1.88	1.86
Warehouse and delivery expense:				
Salaries and wages .....	2.23	1.88	1.89	1.95
Maintenance of delivery equipment.....	1.49	1.26	0.95	1.14
Outward freight contract hauling .....	0.35	0.14	0.39	0.32
Warehouse supplies.....	0.21	0.14	0.19	0.18
Other warehouse and delivery expense.....	0.19	0.20	0.26	0.23
Total warehouse and delivery expense .....	4.47	3.62	3.68	3.82

TABLE 4. Operating Results of Fruit and Vegetable Wholesalers, 1949, by Size of Firm - Con.

Item	Firms with 1949 sales of			Total all sizes
	Under \$500,000	\$500,000 to \$999,999	\$1,000,000 and over	
<b>PROFIT AND LOSS DATA — Concluded</b> (Percent of net sales)				
Administrative and general expense:				
Salaries.....	2.10	1.70	1.66	1.75
Employees' benefits.....	0.04	0.09	0.13	0.10
Occupancy.....	0.79	0.60	0.38	0.52
Light, heat and power.....	0.17	0.11	0.09	0.11
Taxes <sup>1</sup> .....	0.11	0.07	0.06	0.07
Insurance <sup>1</sup> .....	0.15	0.09	0.10	0.11
Office supplies.....	0.16	0.11	0.10	0.12
Postage, telegraph, telephone.....	0.28	0.26	0.31	0.29
Cash discount allowed.....	0.01	0.03	0.04	0.03
Bad debts — amount written off.....	0.16	0.13	0.12	0.13
(Less) Amount recovered.....	0.01	0.02	0.01	0.01
Net bad debt loss.....	0.15	0.11	0.11	0.12
All other expense.....	0.52	0.52	0.57	0.54
<b>Total administrative and general expense</b> .....	<b>4.48</b>	<b>3.69</b>	<b>3.55</b>	<b>3.76</b>
<b>Total operating expenses</b> .....	<b>10.81</b>	<b>9.14</b>	<b>9.11</b>	<b>9.44</b>
Net trading profit .....	1.01	1.05	1.21	1.13
Other trading income .....	0.11	0.29	0.11	0.16
<b>Total net profit before income tax deduction</b> .....	<b>1.12</b>	<b>1.34</b>	<b>1.32</b>	<b>1.29</b>
<b>MISCELLANEOUS DATA</b>				
Credit sales:				
Average per firm..... \$	202,296	484,272	1,714,300	595,420
Percent of total sales.....	71.34	72.72	86.52	79.23
Accounts outstanding:				
Average per firm..... \$	14,308	23,875	92,056	33,582
Percent of credit sales .....	7.32	4.93	5.37	5.64
Sales per 1,000 sq. ft. floor space .....	\$ 80,923	107,234	102,753	99,197

1. Excludes amount attributed to real estate which is in occupancy expense.

TABLE 5. Operating Results of Fruit and Vegetable Wholesalers, by Regions, 1949

Item	Maritimes	Quebec	Ontario	Prairies	British Columbia	Canada
Number of firms.....	12	31	36	5	7	91
Average sales per firm..... \$	670,266	723,093	644,419	822,245	1,517,874	751,509
<b>PROFIT AND LOSS DATA</b> (Percent of net sales)						
Gross profit .....	12.42	8.81	11.03	9.62	12.23	10.57
Operating expenses:						
Selling.....	2.04	1.70	1.77	2.30	2.11	1.86
Warehouse, and delivery.....	4.47	3.05	4.17	3.55	4.26	3.82
Administrative and general.....	4.38	3.31	4.12	2.75	3.85	3.76
<b>Total operating expenses</b> .....	<b>10.89</b>	<b>8.06</b>	<b>10.06</b>	<b>8.60</b>	<b>10.22</b>	<b>9.44</b>
Net operating profit before other income or income tax deduction.....	1.53	0.75	0.97	1.02	2.01	1.13

TABLE 6. Average and Middle Range Ratios of Fruit and Vegetable Wholesalers, 1949

Item	Firms with 1949 sales of						Total all sizes	
	Under \$500,000		\$500,000 to \$999,999		\$1,000,000 and over			
	Average	Middle range	Average	Middle range	Average	Middle range	Average	Middle range
(Percent of net sales)								
Gross profit.....	11.8	9.5 - 14.3	10.2	8.0 - 12.9	10.3	8.8 - 12.3	10.6	8.7 - 13.2
Selling expense.....	1.9	1.3 - 2.6	1.8	1.3 - 1.8	1.9	1.5 - 2.3	1.9	1.3 - 2.5
Warehouse and delivery expense.....	4.4	3.2 - 5.6	3.6	2.5 - 4.5	3.7	3.2 - 4.2	3.8	3.0 - 5.2
Administrative and general expense.....	4.5	3.4 - 5.3	3.7	3.2 - 4.3	3.5	2.9 - 4.1	3.8	3.4 - 4.8
Net operating profit before other income or income tax deduction.....	1.0	0.3(L) - 2.1	1.1	0.4 - 1.7	1.2	0.4 - 1.8	1.1	0.1 - 1.9

(L). Operating loss.

## INCORPORATED COMPANIES, 1949

The average gross and net profit of incorporated companies was similar to the "all-types" average. Other income of 0.16% added to net operating profit

of 1.04% gave a net profit before income tax deduction amounting to 1.20% of net sales. Income tax reduced this profit to a final net profit of 0.81% of sales.

## Operating Results of Incorporated Fruit and Vegetable Wholesalers, 1949, by Size of Firm

Item	Firms with 1949 Sales of			Total all sizes
	Under \$500,000	\$500,000 to \$999,999	\$1,000,000 and over	
(Percent of net sales)				
Gross profit.....	12.94	9.56	10.31	10.30
Operating expenses.....	11.73	9.25	9.08	9.26
Net operating profit.....	1.21	0.31	1.23	1.04
Other trading income.....	0.11	0.43	0.09	0.16
Total net profit before income tax deduction.....	1.32	0.74	1.32	1.20
Income tax.....	0.55	0.22	0.42	0.39
Final net profit.....	0.77	0.52	0.90	0.81

## COMPARISON OF 1947 AND 1949 RESULTS

A total of 62 firms reported to the 1947 survey on fruit and vegetable wholesalers. This year, reports were received from 91 firms giving information on 1949 operations. A comparison of results

for all respondents in the two years is given on the following page. Into this table has been incorporated a section comparing results for the 44 firms which reported to the surveys for both years.

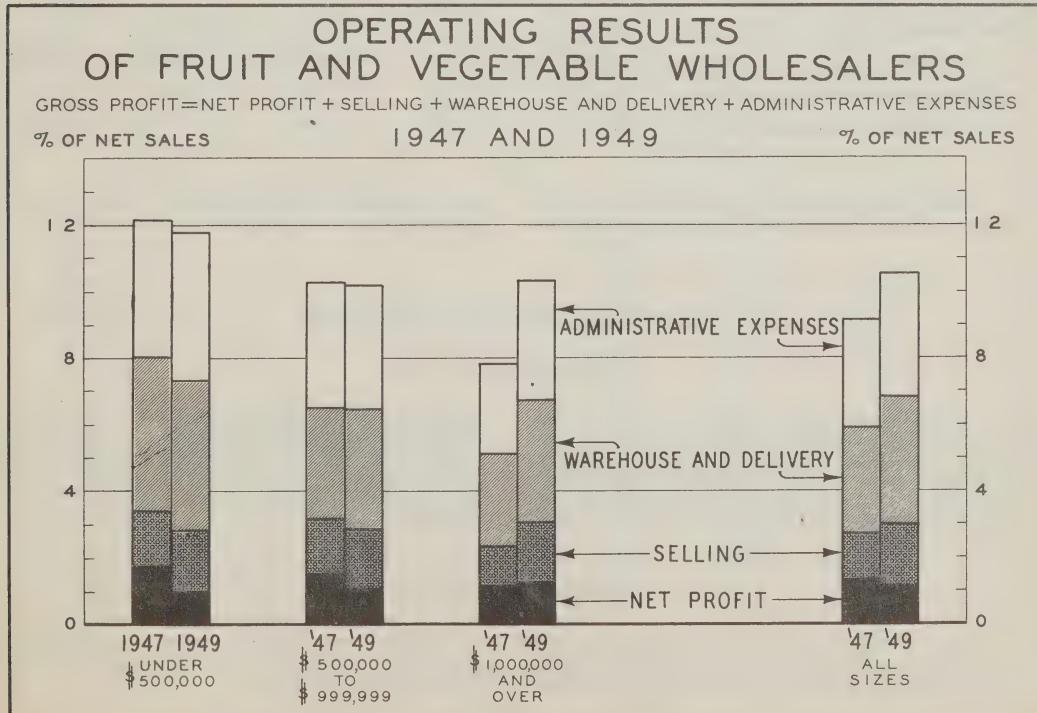
## Operating Results of Fruit and Vegetable Wholesalers 1947 and 1949 Compared

Item	All Respondents		Identical Firms	
	1947	1949	1947	1949
Number of firms.....	62	91	44	44
Average sales..... \$	852,114	751,509	894,061	810,519
Gross profit.....	(Percent of net sales)			
Operating expenses:	9.13	10.57	9.23	10.17
Selling .....	1.34	1.86	1.35	1.91
Warehouse and delivery .....	3.22	3.82	3.23	3.83
Administrative and general.....	3.21	3.76	3.24	3.66
Total operating expenses.....	7.77	9.44	7.82	9.40
Net profit before other income or income tax deduction .....	1.36	1.13	1.41	0.77

Average sales decreased in 1949 compared with 1947. Gross profits, at 10.57%, were higher in 1949 than in 1947 when the profit ratio was 9.13%. An increase in all three expense groups

was sufficient to offset the improved gross profit position with the result that net profits dropped from 1.36% of sales in 1947 to 1.13% of sales in 1949.

CHART 2.



## TOBACCO AND CONFECTIONERY

Results for this trade were based on reports submitted by 134 firms whose characteristics are described in the table which follows:

### Description of Reporting Firms

Item	Firms with 1949 sales of			Total all sizes
	Under \$500,000	\$500,000 to \$999,999	\$1,000,000 and over	
Number of firms .....	41	57	36	134
Form of organization:				
Individual proprietorship.....	15	18	7	40
Partnership .....	16	15	6	37
Incorporated company.....	10	24	23	57
Number of establishments operated:				
By single-establishment firms.....	41	54	30	125
By multiple-establishment firms .....	—	6	21	27
Distribution of sales:				
To retailers ..... %	97.77	98.76	99.49	99.06
To other wholesalers and large users .....	1.13	1.05	0.51	0.75
To consumers at retail .....	1.10	0.19	—	0.19

Most firms operated only one place of business - 125 out of the 134 - and the nine multiple

firms operated 27 establishments in 1949. Practically all sales were made to retail stores.

### REVIEW OF 1949 OPERATING RESULTS

#### Profit And Expense Ratios

The 1949 operations of 134 tobacco and confectionery whosellers reveal an average gross profit amounting to 7.14% of net sales. Selling expenses were 2.00%, warehouse and delivery expenses were 1.32%, and administrative and general expenses formed 2.33% of net sales. A large item of

operating expense was salaries - 3.61% of sales, or approximately 64% of total expenses. Net operating profit of 1.49% of sales was increased to 1.67% by other income. This percentage was before income tax deduction. Thirteen firms reported operating losses during 1949.

#### Inventories And Stock Turnover

The average inventory of the reporting firms changed only slightly between the beginning and the end of the year, \$45,694 and \$45,327. Stock turnover,

calculated by dividing the average beginning and year-end inventories into cost of goods sold, averaged 19.5 times during the year.

**Credit Sales And Receivables**

Credit sales formed 73% of total business with the larger firms extending a greater percentage of credit than the smaller firms. The range by size groups was from 64% in the smallest to 77% in the

largest. The smaller firms which extended less credit had a greater percentage of accounts unpaid at the end of the year than the larger class, 8.52% compared with 6.94%.

**Regional Results**

In 1949, tobacco and confectionery wholesalers in Western Canada operated on higher gross profits than those in the east. Profits ranged from 6.47% of sales in the Maritimes to 7.55% in British Columbia.

Operating expenses were more uniform by regions with resultant net profit ratios following the same general trend as gross profit - 0.42% in the Maritimes to 1.78% in British Columbia. (See Table 8).

**Range Figures**

In table 9 are shown ranges within which the profit and expense items fell when the lower and upper quarters were eliminated (individual results being arrayed in order of magnitude). These reveal the range of the profit and expense ratios for the

"middle half" of reporting wholesalers. With the range figures, average ratios for the items are shown as appear in table 7. For the half of the firms centered on the median, gross profits ranged from 6.2% to 7.7% while net profits were from 0.6% to 2.0%.

**TABLE 7. Operating Results of Tobacco and Confectionery Wholesalers, 1949, by Size of Firm**

Item	Firms with 1949 sales of			Total all sizes
	Under \$500,000	\$500,000 to \$999,999	\$1,000,000 and over	
Number of firms .....	41	57	36	134
Average net sales per firm.....\$	356,950	716,418	2,017,544	955,988
Average cost of goods sold.....\$	332,983	666,901	1,869,213	887,741
Stock turnover (times per year).....	15.8	18.8	21.0	19.5
Average beginning inventory.....\$	20,805	35,889	89,564	45,694
Percent of net sales.....	5.83	5.01	4.44	4.78
Average ending inventory.....\$	21,312	35,262	88,613	45,327
Percent of net sales.....	5.97	4.92	4.39	4.74
<b>PROFIT AND LOSS DATA (Percent of net sales)</b>				
Gross profit.....	6.71	6.91	7.35	7.14
Operating expenses:				
Selling expense:				
Salaries.....	1.29	1.45	1.69	1.57
Travelling.....	0.28	0.25	0.39	0.33
Advertising.....	0.06	0.05	0.04	0.05
Other selling expenses.....	0.02	0.06	0.06	0.05
Total selling expense.....	1.65	1.81	2.18	2.00
Warehouse and delivery expense:				
Salaries and wages.....	0.79	0.85	0.80	0.82
Maintenance of delivery equipment.....	0.50	0.43	0.31	0.37
Outward freight, contract hauling.....	0.08	0.05	0.07	0.06
Warehouse supplies.....	0.04	0.03	0.04	0.03
Other warehouse and delivery expense.....	0.04	0.04	0.04	0.04
Total warehouse and delivery expense.....	1.45	1.40	1.26	1.32
Administrative and general expenses:				
Salaries.....	1.42	1.27	1.15	1.22
Employees' benefits.....	0.03	0.04	0.10	0.07
Occupancy .....	0.36	0.29	0.24	0.27
Light, Heat and power.....	0.07	0.06	0.04	0.05
Taxes <sup>1</sup> .....	0.05	0.03	0.04	0.04
Insurance <sup>1</sup> .....	0.10	0.08	0.09	0.09

1. Excludes amount attributed to real estate which is in occupancy expense.

TABLE 7. Operating Results of Tobacco and Confectionery Wholesalers, 1949, by Size of Firm — Concluded

Item	Firms with 1949 sales of			Total all sizes
	Under \$500,000	\$500,000 to \$999,999	\$1,000,000 and over	
<b>PROFIT AND LOSS DATA — Concluded</b> (Percent of net sales)				
Administrative and general expenses — Concluded:				
Office supplies.....	0.09	0.07	0.08	0.08
Postage, telegraph, telephone.....	0.07	0.06	0.07	0.06
Cash discounts allowed.....	0.02	0.01	0.02	0.02
Bad debts — amount allowed or written off.....	0.17	0.12	0.18	0.16
(Less) Amount recovered .....	0.02	0.02	0.04	0.03
Net bad debt loss.....	0.15	0.10	0.14	0.13
All other expenses.....	0.26	0.26	0.33	0.30
Total administrative and general expense.....	2.62	2.27	2.30	2.33
<b>Total operating expenses.....</b>	<b>5.72</b>	<b>5.48</b>	<b>5.74</b>	<b>5.65</b>
Net operating profit .....	0.99	1.43	1.61	1.49
Other trading income.....	0.18	0.14	0.20	0.18
<b>Total net profit before income tax deduction.....</b>	<b>1.17</b>	<b>1.57</b>	<b>1.81</b>	<b>1.67</b>
<b>MISCELLANEOUS DATA</b>				
Credit sales:				
Average per firm..... \$	230,197	502,997	1,546,044	699,749
Percent of total sales.....	64.49	70.21	76.63	73.20
Accounts outstanding:				
Average per firm..... \$	19,613	35,411	107,295	49,889
Percent of credit sales.....	8.52	7.04	6.94	7.13
Sales per 1,000 sq. ft. floor space..... \$	165,137	234,528	232,644	223,870

TABLE 8. Operating Results of Tobacco and Confectionery Wholesalers by Regions, 1949

Item	Maritimes	Quebec	Ontario	Prairies	British Columbia	Canada
Number of firms.....	6	32	67	19	10	134
Average sales per firm..... \$	578,111	859,317	976,873	1,062,070	1,150,573	955,988
<b>PROFIT AND LOSS DATA</b> (Percent of net sales).						
Gross Profit.....	6.47	6.75	7.19	7.38	7.55	7.14
Operating expenses:						
Selling.....	2.07	2.17	1.91	2.03	2.07	2.00
Warehouse and delivery.....	1.54	1.41	1.33	1.25	1.17	1.32
Administrative and general.....	2.44	2.21	2.31	2.40	2.53	2.33
<b>Total operating expenses.....</b>	<b>6.05</b>	<b>5.79</b>	<b>5.55</b>	<b>5.68</b>	<b>5.77</b>	<b>5.65</b>
Net operating profit before other income or income tax deduction.....	0.42	0.96	1.64	1.70	1.78	1.49

**TABLE 9. Average and Middle Range Ratios of Tobacco and Confectionery Wholesalers, 1949**

Item	Firms with 1949 sales of						Total all sizes	
	Under \$500,000		\$500,000 to \$999,999		\$1,000,000 and over			
	Average	Middle range	Average	Middle range	Average	Middle range	Average	Middle range
(Percent of net sales)								
Gross profit.....	6.7	5.7-7.6	6.9	6.2-7.7	7.4	6.7-7.8	7.1	6.2-7.7
Selling expense.....	1.7	1.1-2.0	1.8	1.3-2.2	2.2	1.9-2.5	2.0	1.4-2.2
Warehouse and delivery expense.....	1.4	1.2-1.8	1.4	0.9-1.6	1.3	1.0-1.5	1.3	1.0-1.6
Administrative and general expense	2.6	2.2-3.0	2.3	1.8-2.7	2.3	1.5-2.6	2.3	1.8-2.8
Net profit before other income or deduction of income tax.....	1.0	0.3-1.6	1.4	0.6-2.1	1.6	1.1-2.0	1.5	0.6-2.0

**INCORPORATED COMPANIES, 1949**

Income tax was reported by incorporated firms. While they obtained slightly higher gross profits than the "all-types" average, net profit in relation to sales

was the same at 1.49%. Other income of 0.16% was added and income tax deductions of 0.54% of sales were removed to compute a final net profit of 1.11%.

**Operating Results of Incorporated Tobacco and Confectionery Wholesalers, 1949, by Size of Firm**

Item	Firms with 1949 sales of			Total all sizes	
	Under \$500,000	\$500,000 to \$999,999	\$1,000,000 and over		
(Percent of net sales)					
Gross profit.....	7.10	6.97	7.58		7.41
Operating expenses.....	6.68	5.98	5.85		5.92
Net operating profit.....	0.42	0.99	1.73		1.49
Other trading income.....	0.17	0.16	0.17		0.16
Total net operating profit before income tax deduction	0.59	1.15	1.90		1.65
Income tax .....	0.17	0.29	0.65		0.54
Final net profit.....	0.42	0.86	1.25		1.11

**COMPARISON OF 1947 AND 1949 RESULTS**

There were 101 firms which reported to this survey for both years. Their results are shown on the

following page, together with the ratios obtained from the total reporting firms in the two years.

**Operating Results of Tobacco and Confectionery Wholesalers, 1947 and 1949 Compared**

Item	All Respondents		Identical Firms	
	1947	1949	1947	1949
Number of firms.....	119	134	101	101
Average sales..... \$	809,477	955,988	821,451	988,742
(Percent of net sales)				
Gross profit.....	6.85	7.14	6.82	7.15
Operating expenses:				
Selling .....	1.85	2.00	1.85	1.98
Warehouse and delivery.....	1.24	1.32	1.16	1.31
Administrative and general.....	2.08	2.33	2.07	2.35
Total operating expenses.....	5.17	5.65	5.08	5.64
Net profit before other income or income tax deduction.....	1.68	1.49	1.74	1.51

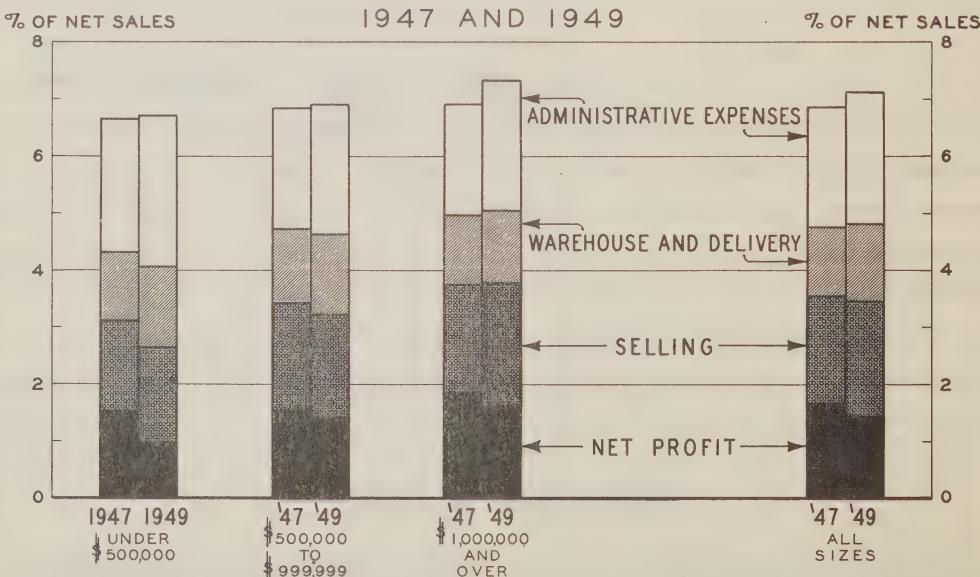
With a large percentage of firms reporting for both years the change from 1947 to 1949 is not significantly different for the two sets of results quoted above. Gross profits increased in 1949 but

the increase was more than absorbed by greater operating expenses. Operations in 1949 produced a net profit ratio of 1.49%, down from the 1947 net profit of 1.68%.

CHART 3.

## OPERATING RESULTS OF TOBACCO AND CONFECTIONERY WHOLESALERS

GROSS PROFIT = NET PROFIT + SELLING + WAREHOUSE AND DELIVERY + ADMINISTRATIVE EXPENSES



UNIVERSITY OF TORONTO  
DEPT. OF POLITICAL ECONOMY

GOVERNMENT OF CANADA

OPERATING RESULTS  
OF  
FOOD WHOLESALERS

1951



EDMOND CLOUTIER, C.M.G., O.A., D.S.P.  
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY  
OTTAWA, 1953



OPERATING RESULTS  
OF  
FOOD WHOLESALERS  
1951

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Dominion Bureau of Statistics  
Ottawa

## NOTICE

The annual reports prepared by the Industry and Merchandising Division of the Bureau of Statistics are divided into 4 volumes, as follows: **Volume I**—The Primary Industries, including mining, forestry and fisheries; **Volume II**—Manufacturing; **Volume III**—Construction; **Volume IV**—Merchandising and Services.

Volume IV consists of the following parts with individual trade reports listed under each:

### **Part I — Wholesale Statistics**

- A — Wholesale Trade, 25¢.
- B — Operating Results of Food Wholesalers, 25¢.
- C — Operating Results of Dry Goods, Piece Goods, and Footwear Wholesalers, 25¢.
- D — Operating Results of Miscellaneous Wholesalers, (Automotive parts and accessories, drugs, hardware, plumbing and heating equipment), 25¢.

### **Part II — Retail Statistics**

- E — General Review, 25¢.
- F — Retail Trade, 25¢.
- G — Retail Chain Stores, 25¢.
- H — Operating Results of Chain Food Stores, 25¢.
- I — Operating Results of Chain Clothing Stores, 25¢.
- J — Operating Results of Miscellaneous Chain Stores (variety, drug, furniture), 25¢.
- \*K — Operating Results of Retail Food Stores, 25¢.
- \*L — Operating Results of Retail Clothing Stores, 25¢.
- \*M — Operating Results of Retail Hardware, Furniture, Appliance and Radio Stores, 25¢.
- \*N — Operating Results of Filling Stations and Garages, 25¢.
- \*O — Operating Results of Miscellaneous Retail Stores, 25¢.
- P — Retail Consumer Credit, 25¢.

### **Part III — Service and Special Fields**

- Q — Laundries, Cleaners and Dryers, 25¢.
- R — Motion Picture Theatres, Exhibitors, and Distributors, 25¢.
- S — Hotels, 25¢.
- T — Sales Financing, 25¢.
- U — Farm Implement and Equipment Sales, 25¢.
- V — New Motor Vehicle Sales and Motor Vehicle Financing 25¢.
- W — Advertising Agencies (Memorandum) 25¢.

The reports are punched to permit of filing in a ring binder.

\* Biennial reports — not issued for 1951.

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## OPERATING RESULTS — LIST OF REPORTS

### WHOLESALE TRADE (1947, 1949 and 1951)

1. Food Wholesalers
2. Dry Goods, Piece Goods, Footwear Wholesalers
3. Miscellaneous Wholesalers (Automotive Parts and Accessories, Hardware, Plumbing and Heating Supplies, Drugs)

### INDEPENDENT RETAIL STORES (1944, 1945, 1946, 1948 and 1950)

1. Food Stores
2. Clothing Stores
3. Hardware, Furniture, Household Appliance and Radio Stores
4. Filling Stations and Garages
5. Miscellaneous Stores (Country General, Restaurants, Fuel, Drugs, Jewellery, Tobacco Stores)

### RETAIL CHAIN STORES (1947, 1949 and 1951)

1. Food Store Chains
2. Clothing Store Chains
3. Miscellaneous Chain Stores (Variety, Furniture, Drugs)

{

# OPERATING RESULTS OF FOOD WHOLESALERS 1951

## INTRODUCTION

The following explanatory notes describe certain features of the operating results series contained in this report.

### Scope

This study is confined to wholesalers proper, i.e. those wholesalers performing the full selling, warehousing and delivery functions. Agents, brokers, drop shippers and other specialized types of wholesale distributor are not included. Three separate trades are covered — grocery, fruit and vegetable, and confectionery wholesalers.

### Content

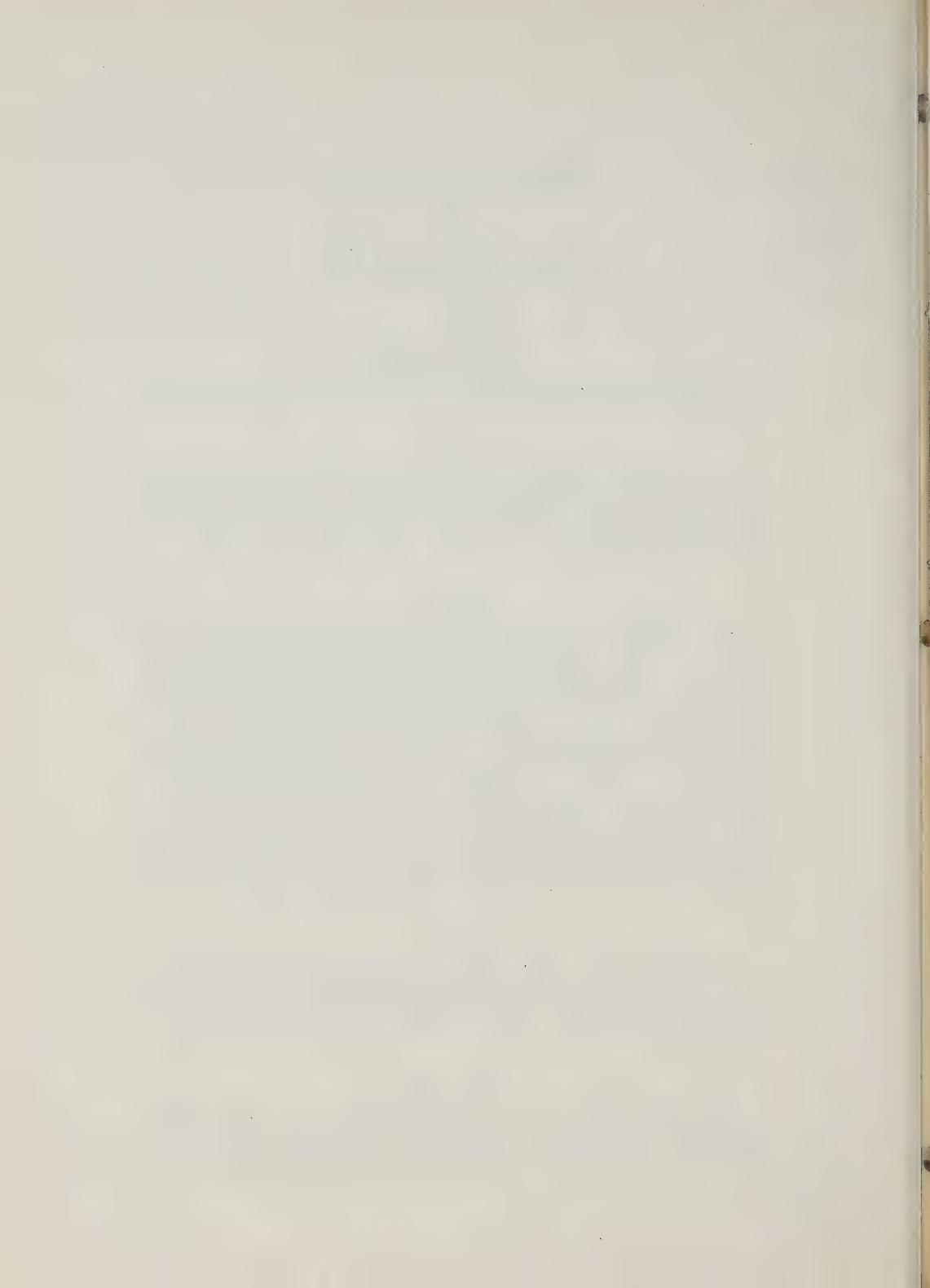
Most emphasis has been placed on the presentation of profit and loss statistics. Average gross and net profits and detailed operating expenses are shown for the most suitable sales-size classes. Operating expenses appear separately for selling, warehouse and delivery, and administrative and general departments. The customary profit and loss details are supplemented by information on other related operating features including inventories, rate of stock turnover, credit sales and receivables, and floor space used. Wherever possible, a table showing regional figures has been prepared. Reports from Newfoundland wholesalers are not included. Proprietors' salaries were included with administrative salaries. An income tax tabulation was made for incorporated companies only. Middle range figures for gross and net profits, and for the three main functional divisions of expense, introduced in 1949, are contained in this report. Results for one-half of all firms fell within the range shown for each item, while one-quarter of the firms fell on either side of the range limits indicated. (Because each item was treated singly, the sum of net profit and the expense items does not necessarily equal gross profit in those tables showing middle range data.)

### Purpose

The primary purpose of the operating costs surveys is to provide averages on the different phases of business operations against which firms in the same trade may make direct comparisons with their own operating results. They also provide useful information to others interested in the cost of distribution of consumer goods.

### Period Covered

This report deals largely with 1951 operations and is the third biennial publication in a series begun in 1947. Certain summary tables show identical firm results for 1949 and 1951. The charts show the gross profit components for 1947, 1949 and 1951 by suitable sales-size classification for each trade.



## SUMMARY OF 1951 RESULTS BY TRADES

The following summary table shows the principal operating results figures for three components of the food wholesale business. In analyzing the performance of an individual food wholesale company, reference should be made to the detailed tables in

the appropriate sections of this bulletin. In these sections (grocery, fruit and vegetable, and tobacco and confectionery) operating results figures for typical sales-size classifications and geographic locations are revealed.

**Operating Results of Grocery, Fruit and Vegetable, and Tobacco and Confectionery Wholesalers Compared, 1951**

Item	Grocery	Fruit and vegetable	Tobacco and confectionery
Number of firms .....	113	86	128
Average net sales per firm..... \$	3,025,875	850,808	1,089,765
Stock turnover (times per year) .....	10.11	39.09	17.24
(Per cent of net sales)			
Gross profit .....	7.96	11.27	7.55
Operating expenses:			
Selling .....	1.41	1.90	2.05
Warehouse and delivery .....	2.33	4.35	1.53
Administrative and general .....	3.27	4.08	2.66
Total operating expenses .....	7.01	10.33	6.24
Net operating profit .....	0.95	0.94	1.31
Other trading income .....	0.64	0.15	0.25
Miscellaneous Expense .....	0.10	0.07	0.07
Net profit before income tax deduction .....	1.49	1.02	1.49
Credit sales .....	84.68	82.08	77.76
Sales to retail stores .....	90.68	86.92	98.27

Extreme caution should be observed to avoid comparing absolute dollar values (average sales, cost of goods etc.) published in this report, with corresponding items of individual establishments or firms. These values are averages of items reported by both single and multiple establishment firms and are "firm" averages, not "establishment" averages. Consequently, a concentration of multiple establishment firms in a specific trade will result in an abnormal average for that trade. Ratios, however, may be used with a high degree of reliability when applied to either an establishment or a firm. The survey was designed primarily to obtain operating ratios to which single and multiple establishment firms might compare their operating results. Absolute values are shown only for the purpose of assisting the wholesaler to place his firm in relation to the average in the appropriate sales-size category.

Average sales of the three trades maintained the same relative position as in 1949, with the average for the grocery trade approximately three times greater than the \$1,089,765 average of tobacco and confectionery. Sales of fruit and vegetable

wholesalers averaged approximately 20% below that of tobacco and confectionery. The interrelationship of stock turnover varied in 1951 with a slight decrease in the tobacco and confectionery ratio to less than double the grocery ratio of 10.11. Fruit and vegetable stock turnover rate remained at approximately four times that of grocery. The average gross profits of fruit and vegetable wholesalers continued to place highest with a ratio of 11.27 per cent of average net sales, but the comparatively high operating cost ratios for this group placed the net operating profit ratio of 0.94% in the lowest position for the three trades. The gross profit ratios of the other two trades were similar and the final net profit ratios were identical. The division of expenses between the three main expense groups was different in each of the three trades due to the peculiarities of the respective trades. Average credit sales, expressed as a percentage of average sales, for each respective trade, were greater than the 1949 ratios in all three instances. Tobacco and confectionery wholesalers' average credit sales ratio of 78% was the lowest, and grocery wholesalers' ratio of 85% was the highest.

# GROCERY WHOLESALERS

## Description of Reporting Firms

Item	Firms with 1951 sales of				Total all sizes
	Under \$1,000,000	\$1,000,000 to \$4,999,999	\$5,000,000 to \$9,999,999	\$10,000,000 and over	
Number of firms .....	40	61	7	5	113
Form of organization:					
Individual proprietorship .....	12	1	—	—	13
Partnership .....	7	4	—	—	11
Incorporated company .....	21	56	7	5	89
Number of firms operated as:					
Single establishment .....	40	50	5	—	95
Multiple establishment. ....	—	11	2	5	18
Distribution of sales:					
To retailers .....	85.59	92.55	95.33	87.97	90.68
To other wholesalers and large users .....	13.72	6.40	4.67	9.63	7.91
To others .....	0.69	1.05	—	2.40	1.41

Of the 113 firms reporting, 89 were incorporated and the remaining 24 were comprised of 13 individual proprietorships and 11 partnerships. Eighteen of the reporting firms operated more than one

establishment. Sales to retail stores made up 91% of total sales. Of the remaining sales, other wholesalers and large users, such as institutions, accounted for eight per cent.

## REVIEW OF 1951 OPERATING RESULTS

### Profit and Expense Ratios

Profit and expense ratios represent portions of the average net sales' dollar. Because average profit and expense figures per firm are expressed as percentages of average net sales per firm, it is necessary to take into account the rate of change of these average net sales when comparing ratios applicable to different surveys. When comparing 1951 results with 1949, a period of increasing prices, the increase of average net sales per firm has a decreasing effect on profit and expense ratios. If a decrease occurs in the profit or expense ratios, it does not necessarily mean the amount of profit or expense is less; but does mean the average profit or expense did not increase at as great a rate as average net sales. That is, if net sales increased 10% from \$1,000,000 in 1949 to \$1,100,000 in 1951, and rent showed a proportionate increase from \$5,000 to \$5,500, the rent expense ratios for the two years would be identical. However, if rent remained unchanged, or increased less than 10%, the rent expense ratio would show a decrease. To interpret a change in ratios between two years correctly, it is therefore necessary to note changes in net sales. During this phase of analysis, the utmost caution should be taken to avoid interpreting the average net sales per firm as typical of an establishment. Averages are shown only to indicate central tendency in sales size ranges as a guide to individual wholesalers wishing to compare their results. Ratios re-

duce the effect of multiple establishment firms and may be used with a high degree of accuracy as typical of the trade. The effects of normal sales variations and changes in price levels also tend to be eliminated when results are expressed as ratios. Therefore, ratios of two surveys may be compared, but the rate of change of average net sales per firm should be noted.

Grocery wholesalers obtained an average gross profit of 7.96% of average net sales on 1951 operations, slightly larger than the 1949 ratio. This indicates that the average gross profit increased at a greater rate than average sales. This condition was experienced in each sales size classification of the grocery wholesale trade. The total operating expense ratio decreased, resulting in an increase of almost 50% in the net trading profit ratio (0.64% in 1949 and 0.95% in 1951). Administrative and general expense again accounted for almost half of total operating expenses. Selling expenses, the smallest portion of total expense, also showed a decrease in ratio, whereas the warehouse expense ratio indicated a slight increase when compared with 1949 results. Miscellaneous expenses and income netted an increase to the net trading profit making the 1951 ratio of net profit before income tax (1.49%) approximately 20% greater than the 1949 ratio (1.23%).

TABLE 1. Results of Grocery Wholesalers 1951, by Size of Firm

Item	Firms with 1951 sales of				Total all sizes
	Under \$1,000,000	\$1,000,000 to \$4,999,999	\$5,000,000 to \$9,999,999	\$10,000,000 and over	
Number of firms reporting .....	40	61	7	5	113
Average net sales per firm .....	\$ 554,719	2,148,397	7,367,195	27,421,798	3,025,875
Average cost of goods sold .....	\$ 511,328	1,978,261	6,732,071	25,291,626	2,785,070
Stock turnover (times per year) .....	9.94	9.17	10.26	11.16	10.11
Average beginning inventory .....	\$ 50,481	213,232	668,502	2,194,808	271,507
Per cent of average net sales .....	9.10	9.92	9.07	8.00	8.97
Average ending inventory .....	\$ 52,438	218,011	644,286	2,335,419	279,501
Per cent of average net sales .....	9.45	10.15	8.74	8.52	9.24
<b>PROFIT AND LOSS DATA (Per cent of net sales)</b>					
Gross profit .....	<b>7.82</b>	<b>7.92</b>	<b>8.62</b>	<b>7.77</b>	<b>7.96</b>
Operating expenses:					
Selling expense:					
Salaries .....	1.24	0.93	1.04	0.70	0.87
Travelling .....	0.33	0.29	0.43	0.38	0.35
Advertising .....	0.06	0.05	0.23	0.06	0.08
Other selling expense .....	0.05	0.09	0.20	0.11	0.11
<b>Total selling expense</b> .....	<b>1.68</b>	<b>1.36</b>	<b>1.90</b>	<b>1.25</b>	<b>1.41</b>
Warehouse and delivery expense:					
Salaries and wages .....	1.33	1.68	1.55	1.39	1.52
Maintenance of delivery equipment .....	0.60	0.50	0.35	0.40	0.45
Outward freight .....	0.14	0.12	0.13	0.13	0.13
Warehouse supplies .....	0.04	0.04	0.02	0.03	0.03
Other warehouse and delivery expense .....	0.05	0.06	0.16	0.37	0.20
<b>Total warehouse and delivery expense</b> .....	<b>2.16</b>	<b>2.40</b>	<b>2.21</b>	<b>2.32</b>	<b>2.33</b>
Administrative and general expense:					
Salaries .....	1.75	1.65	1.68	1.76	1.71
Employees' benefits .....	0.04	0.08	0.06	0.20	0.12
Occupancy .....	0.50	0.43	0.46	0.52	0.47
Light, heat, and power .....	0.09	0.08	0.08	0.09	0.09
Taxes <sup>1</sup> .....	0.06	0.05	0.06	0.07	0.06
Insurance .....	0.16	0.10	0.07	0.07	0.09
Office supplies .....	0.09	0.13	0.13	0.12	0.12
Communication .....	0.09	0.10	0.11	0.11	0.10
Bad debts—amount written off .....	0.15	0.16	0.09	0.06	0.11
All other expense .....	0.34	0.43	0.29	0.41	0.40
<b>Total administrative and general expense</b> .....	<b>3.27</b>	<b>3.21</b>	<b>3.03</b>	<b>3.41</b>	<b>3.27</b>
<b>Total operating expenses</b> .....	<b>7.11</b>	<b>6.97</b>	<b>7.14</b>	<b>6.98</b>	<b>7.01</b>
Net operating profit .....	0.71	0.95	1.48	0.79	0.95
Other trading income .....	0.27	0.38	0.08	1.17	0.64
Miscellaneous expense .....	0.08	0.10	0.02	0.13	0.10
<b>Net profit before income tax deduction</b> .....	<b>0.90</b>	<b>1.23</b>	<b>1.54</b>	<b>1.83</b>	<b>1.49</b>
<b>MISCELLANEOUS DATA</b>					
Credit sales:					
Average per firm .....	\$ 416,927	1,741,276	5,431,833	25,469,366	2,562,311
Per cent of average net sales .....	75.16	81.05	73.73	92.88	84.68
Accounts outstanding:					
Average per firm .....	\$ 32,395	122,934	488,322	1,291,297	164,244
Per cent of average credit sales .....	7.77	7.06	8.99	5.07	6.41

1. Excludes amount attributed to real estate which is in occupancy expense.

**Inventories and Stock Turnover**

Average inventories, expressed as ratios of average net sales of responding firms, increased from 8.97% at the beginning of the year, to 9.24% at the end of the year. This is a reverse trend of the 1949 ratios which decreased from 9.96% to 9.02%.

The rate of stock turnover-average of beginning and ending inventories divided into cost of goods sold-was 10.11 for all grocery wholesalers, a slight increase over the 1949 rate.

**Credit Sales and Receivables**

Credit sales of grocery wholesalers accounted for 84.68 per cent of their net sales in 1951. Proportions were determined for the four appropriate sales ranges; the largest and smallest ratios,

92.88% and 73.73%, occurred in the largest and second largest sales size categories respectively. Accounts outstanding averaged 6.41 per cent of credit sales.

**Regional Results**

Gross trading profit ratios of grocery wholesalers in the four principal regions of Canada, showed no significant differences from the ratio of 7.96% for Canada. The Maritimes' ratio of 8.55% remained in the relatively highest position, as in 1949, but the Quebec figure dropped to slightly below the average. Prairie and British Columbia wholesalers again had the same ratio as the Canada average, and Ontario with 7.69% remained in the lowest relative position. However, Ontario and Quebec wholesalers obtained

the lowest operating expense ratios which resulted in these wholesalers obtaining net profit ratios slightly greater than the Canada average. The highest net profit ratio (1.48%) was obtained by the Maritime wholesalers; the Prairie and British Columbia wholesalers, who had the highest operating expense ratio, showed the relatively lowest net profit ratio (0.74%). These are the same final relative positions as occurred in 1949.

**TABLE 2. Operating Results of Grocery Wholesalers by Regions, 1951**

Item	Maritimes	Quebec	Ontario	Prairie Provinces and B.C.	Canada
Number of firms .....	29	32	35	17	113
Average net sales per firm..... \$	1,797,333	1,677,976	2,372,782	9,003,450	3,025,875
<b>PROFIT AND LOSS DATA (Per cent of net sales)</b>					
Gross profit .....	8.55	7.79	7.69	7.96	7.96
Operating expenses:					
Selling expense .....	1.46	1.64	1.42	1.32	1.41
Warehouse and delivery expense .....	2.22	2.29	2.52	2.27	2.33
Administrative and general expense.....	3.39	2.89	2.77	3.63	3.27
Total operating expenses.....	7.07	6.82	6.71	7.22	7.01
Net operating profit .....	1.48	0.97	0.98	0.74	0.95

## Range Figures

The range figures, introduced in 1949, indicate to what extent the average is typical for each sales size category. This allows an individual wholesaler to assess the operations of his business with the average more accurately. That is, if the ratios of a specific item for a group of wholesalers vary

considerably, the range figures indicate the wide spread necessary to contain the middle 50% of the firms; conversely, if the ratios tend to be clustered, the range figures would indicate the middle 50% of the firms grouped closely about the average.

TABLE 3. Average and Middle Range Ratios of Grocery Wholesalers 1951

Item	Firms with 1951 sales of				Total all sizes	
	Under \$1,000,000		\$1,000,000 to \$4,999,999			
	Average	Middle range	Average	Middle range	Average	Middle range
(Per cent of net sales)						
Gross Profit .....	7.8	7.0 - 8.7	7.8	6.9 - 9.0	8.0	7.0 - 8.8
Selling expense .....	1.7	1.2 - 2.4	1.4	1.0 - 1.9	1.4	1.1 - 2.0
Warehouse and delivery expense.....	2.2	1.5 - 2.6	2.4	1.9 - 2.7	2.3	1.7 - 2.7
Administrative and general expense.....	3.3	2.5 - 4.2	3.2	2.6 - 3.6	3.3	2.6 - 3.9
Net operating profit.....	0.7	0.2 - 1.3	1.0	0.4 - 1.6	1.0	0.3 - 1.4

## Incorporated Companies 1951

Comparison of the profit and expense ratios of the incorporated firms only, with all firms, indicated that the differences in the ratios were negligible. Net profit before income tax, expressed as a pro-

portion of net sales, was 1.52% and 1.49% for "incorporated firms" and "all firms" respectively. Income tax reduced the incorporated firms' ratio of 1.52% to 0.87%, a decrease of 43%.

TABLE 4. Operating Results of Incorporated Grocery Wholesalers, 1951, By Size of Firm

Item	Firms with 1951 sales of				Total all sizes
	Under \$1,000,000	\$1,000,000 to \$4,999,999	\$5,000,000 to \$9,999,999	\$10,000,000 and over	
(Per cent of net sales)					
Gross profit .....	8.21	7.78	8.62	7.77	7.93
Operating expenses.....	7.44	6.84	7.14	6.98	6.97
Net operating profit.....	0.77	0.94	1.48	0.79	0.96
Other trading income.....	0.27	0.39	0.08	1.17	0.66
Miscellaneous expense.....	0.13	0.11	0.02	0.13	0.10
Net profit before income tax deduction .....	0.91	1.22	1.54	1.83	1.52
Income tax .....	0.25	0.48	0.76	0.79	0.65
Final net profit .....	0.66	0.74	0.78	1.04	0.87

**Comparison of 1949 and 1951 Identical Firm Results**

The following table "serves as confirmation that the trends and conclusions deduced from comparing average data of all responding firms apply as had identical firm data been used. The only exception

is the net operating profit ratio which showed an increase when results of all responding firms were compared, but remained of the same order when results of identical firms were compared.

**TABLE 5. Operating Results of Grocery Wholesalers, 1949 and 1951 Compared**

Item	All Respondents		Identical Firms	
	1949	1951	1949	1951
Number of Firms .....	110	113	92	92
Average net sales per firm..... \$	2,525,529	3,025,875	2,731,137	3,289,198
( Per cent of net sales )				
Gross profit .....	7.73	7.96	7.77	8.07
Operating expenses:				
Selling expense.....	1.46	1.41	1.45	1.43
Warehouse and delivery expense .....	2.25	2.33	2.22	2.35
Administrative and general expense.....	3.38	3.27	3.41	3.62
Total operating expenses .....	7.09	7.61	7.08	7.40
Net operating profit .....	0.64	0.95	0.69	0.67

CHART I.

# OPERATING RESULTS OF GROCERY WHOLESALERS

GROSS PROFIT = NET PROFIT + SELLING + WAREHOUSE AND DELIVERY + ADMINISTRATIVE EXPENSES



## FRUIT AND VEGETABLE WHOLESALERS

### Description of Reporting Firms

Item	Firms with 1951 sales of			Total all sizes
	Under \$500,000	\$500,000 to \$999,999	1,000,000 and over	
Number of firms .....	38	28	20	86
Form of organization:				
Individual proprietorship .....	11	3	1	15
Partnership .....	11	13	1	25
Incorporated company .....	16	12	18	46
Number of firms operated as:				
Single establishment.....	36	27	18	81
Multiple establishment .....	2	1	2	5
Distribution of sales:				
To retailers .....	80.26	87.90	88.27	86.92
To other wholesalers and large users .....	19.74	10.72	11.73	12.70
To others .....	%	—	1.38	0.38

Of the 86 firms reporting, 46 were incorporated and the remaining 40 were comprised of 25 partnerships and 15 single proprietorships. Only five firms operated more than one establishment. Almost 87%

of total sales were made to retailers, and approximately 13% to other wholesalers and large users, such as institutions.

### REVIEW OF 1951 OPERATING RESULTS

#### Profit and Expense Ratios

Profit and expense ratios represent portions of the average net sales' dollar. Because average profit and expense figures per firm are expressed as percentages of average net sales per firm, it is necessary to take into account the rate of change of these average net sales when comparing ratios applicable to different surveys. When comparing 1951 results with 1949, a period of increasing prices, the increase of average net sales per firm has a decreasing effect on profit and expense ratios. If a decrease occurs in the profit or expense ratios, it does not necessarily mean the amount of profit or expense is less; but does mean the average profit or expense did not increase at as great a rate as average net sales. That is, if net sales increased 10% from \$1,000,000 in 1949 to \$1,100,000 in 1951, and rent showed a proportionate increase from \$5,000 to \$5,500, the rent expense ratios for the two years would be identical. However, if rent remained unchanged, or increased less than 10%, the rent expense ratio would show a decrease. To interpret a change in ratios between two years correctly, it is therefore necessary to note changes in net sales. During this phase of analysis, the utmost caution should be taken to avoid interpreting the average net sales per firm as typical of an establishment. Averages are shown only to indicate central tendency in sales size ranges as a guide to individual wholesalers wishing to compare their results. Ratios reduce the effect of multiple establishment

firms and may be used with a high degree of accuracy as typical of the trade. The effects of normal sales variations and changes in price levels also tend to be eliminated when results are expressed as ratios. Therefore, ratios of two surveys may be compared, but the rate of change of average net sales per firm should be noted.

Fruit and vegetable wholesalers obtained an average gross profit or margin of 11.27 per cent of average net sales on 1951 operations, slightly larger than the 1949 ratio. This indicates that the average gross profit increased at a greater rate than the average net sales. This condition was experienced in each of the sales size classifications. The total operating expense ratio increased by a greater proportion which resulted in a smaller net operating profit ratio. Warehouse and delivery, and administrative and general expenses, each of approximately the same magnitude, again accounted for about 80 per cent of total operating expenses. Other trading income, expressed as a percentage of net sales, remained at the same level which resulted in a net profit ratio 20% below the 1949 ratio. Because average net sales increased 13%, it can be deduced that the fruit and vegetable wholesalers were not only in a relatively poorer position than in 1949, but actually obtained a smaller average dollar profit in 1951 despite the increase in average net sales.

TABLE 6. Operating Results of Fruit and Vegetable Wholesalers, 1951, by Size of Firm

Item	Firms with 1951 sales of			Total all sizes
	Under \$500,000	\$500,000 to \$999,999	\$1,000,000 and over	
Number of firms reporting	38	28	20	86
Average net sales per firm .....	\$ 299,064	719,388	2,083,113	850,808
Average cost of goods sold .....	\$ 260,943	632,716	1,864,457	754,895
Stock turnover (times per year).....	35.68	43.14	38.35	39.09
Average beginning inventory .....	\$ 6,121	13,414	43,447	17,176
Per cent of average net sales .....	2.05	1.86	2.08	2.02
Average ending inventory .....	\$ 8,506	15,919	53,773	21,447
Per cent of average net sales .....	2.84	2.21	2.58	2.52
<b>PROFIT AND LOSS DATA</b> (Per cent of net sales)				
<b>Gross profit</b> .....	<b>12.75</b>	<b>12.05</b>	<b>10.50</b>	<b>11.27</b>
Operating expenses:				
Selling expense:				
Salaries .....	1.52	1.33	1.53	1.48
Travelling .....	0.30	0.22	0.33	0.29
Advertising .....	0.06	0.09	0.05	0.06
Other selling expense .....	0.08	0.04	0.08	0.07
<b>Total selling expense</b> .....	<b>1.96</b>	<b>1.68</b>	<b>1.99</b>	<b>1.90</b>
Warehouse and delivery expense:				
Salaries and wages .....	2.27	2.42	2.15	2.24
Maintenance of delivery equipment .....	1.64	1.38	0.90	1.15
Outward freight .....	0.19	0.20	0.59	0.42
Warehouse supplies .....	0.39	0.26	0.27	0.29
Other warehouse and delivery expense .....	0.28	0.16	0.29	0.25
<b>Total warehouse and delivery expense</b> .....	<b>4.77</b>	<b>4.42</b>	<b>4.20</b>	<b>4.35</b>
Administrative and general expense:				
Salaries .....	2.29	2.23	1.58	1.87
Employees' benefits .....	0.07	0.09	0.11	0.10
Occupancy .....	0.81	0.73	0.54	0.63
Light, heat, and power .....	0.15	0.15	0.11	0.13
Taxes <sup>1</sup> .....	0.10	0.09	0.04	0.06
Insurance <sup>1</sup> .....	0.13	0.15	0.14	0.14
Office supplies .....	0.15	0.13	0.11	0.12
Communication .....	0.38	0.26	0.33	0.32
Bad debts—amount written off .....	0.15	0.16	0.10	0.13
All other expense .....	0.72	0.60	0.53	0.58
<b>Total administrative and general expense</b> .....	<b>4.95</b>	<b>4.59</b>	<b>3.59</b>	<b>4.08</b>
<b>Total operating expenses</b> .....	<b>11.68</b>	<b>10.69</b>	<b>9.78</b>	<b>10.33</b>
Net operating profit .....	1.07	1.36	0.72	0.94
Other trading income .....	0.14	0.13	0.17	0.15
Miscellaneous expense .....	0.11	0.06	0.06	0.07
<b>Net profit before income tax deduction</b> .....	<b>1.10</b>	<b>1.43</b>	<b>.83</b>	<b>1.02</b>
<b>MISCELLANEOUS DATA</b>				
Credit sales:				
Average per firm .....	\$ 231,804	560,259	1,774,396	698,343
Per cent of average net sales .....	77.51	77.88	85.18	82.08
Accounts outstanding:				
Average per firm .....	\$ 20,862	41,179	108,770	48,046
Per cent of average credit sales .....	9.00	7.35	6.13	6.88
Sales per 1,000 sq. ft. of floor space .....	\$ 70,834	117,136	116,567	103,428

1. Excludes amount attributed to real estate which is in occupancy expense.

### Inventories and Stock Turnover

Average inventories, expressed as a percentage of average net sales, increased from 2.02% at the beginning of the year to 2.52% at the end of the year. This is significant as a reverse in trend of the 1949 ratios which decreased from 2.25% to 2.17%. Because the average inventory ratios remained at approximately the same level, the average invent-

tories increased at almost the same rate as average net sales. The rate of stock turnover-average inventory divided into cost of goods sold-indicated a negligible decline when comparing the two years' results. It may therefore be concluded that the average cost of goods increased at almost the same rate as average net sales.

### Credit Sales and Receivables

Average credit sales, expressed as a proportion of average net sales, indicated a marked increase in credit sales in 1951 (32.08%), when compared to 1949 results (79.23%). The increases in the first two sales-size categories were sufficient to out-weigh the slight decline in the third, or largest, sales size group. Average accounts outstanding as at the end of the year, followed the same relative pattern

for the three categories as in 1949. Expressed as proportions to average credit sales, average accounts outstanding (6.88% in 1951 for all sizes) were substantially greater in each category, despite the increase in 1951 average credit sales. That is, average accounts outstanding increased at a greater rate than average credit sales.

### Regional Results

Gross trading profit ratios for the four principal regions of Canada ranged from 8.90% in Quebec to 13.85% in the Maritimes. Those regions where gross margin ratios were higher, experienced greater than average operating expense ratios. Quebec had the

lowest gross profit ratio and also the lowest operating expense ratio. However, the net profit ratios ranked the Maritimes in the highest position with 2.37% and Quebec in the lowest with 0.35%.

TABLE 7. Operating Results of Fruit and Vegetable Wholesalers, by Regions, 1951

Item	Maritimes	Quebec	Ontario	Prairie Provinces and B.C.	Canada
Number of firms .....	13	27	32	14	86
Average sales per firm .....	\$ 737,756	\$ 50,352	\$ 655,744	\$ 1,152,014	\$ 50,808
<b>PROFIT AND LOSS DATA (Per cent of net sales)</b>					
<b>Gross profit .....</b>	<b>13.83</b>	<b>8.90</b>	<b>11.44</b>	<b>12.86</b>	<b>11.27</b>
Operating expenses:					
Selling expense .....	1.85	1.66	1.62	2.69	1.90
Warehouse and delivery expense .....	4.92	3.29	4.67	5.02	4.35
Administrative and general expense .....	4.69	3.60	4.14	4.31	4.08
<b>Total operating expenses.....</b>	<b>11.46</b>	<b>8.55</b>	<b>10.43</b>	<b>12.02</b>	<b>10.33</b>
<b>Net operating profit .....</b>	<b>2.37</b>	<b>0.35</b>	<b>1.01</b>	<b>0.84</b>	<b>0.94</b>

## Range Figures

The range figures, introduced in 1949, indicate to what extent the average is typical for each sales size category. This allows an individual wholesaler to assess the operations of his business with the average more accurately. That is, if the ratios of a specific item for a group of wholesalers vary con-

siderably, the range figures indicate the wide spread necessary to contain the middle 50% of the firms; conversely, if the ratios tend to be clustered, the range figures would indicate the middle 50% of the firms grouped closely about the average.

TABLE 8. Average and Middle Range Ratios of Fruit and Vegetable Wholesalers, 1951

Item	Firms with 1951 sales of						Total all sizes	
	Under \$500,000		\$500,000 to \$999,999		\$1,000,000 and over			
	Average	Middle Range	Average	Middle Range	Average	Middle Range	Average	Middle Range
(Per cent of net sales)								
Gross Profit .....	12.8	10.7-15.1	12.1	9.1-14.4	10.5	7.8-12.8	11.3	9.1-14.4
Selling expense .....	2.0	0.8- 3.0	1.7	1.1- 2.4	2.0	1.4- 2.8	1.9	1.1- 2.7
Warehouse and delivery expense .....	4.8	3.2- 6.7	4.4	3.0- 5.4	4.2	2.6- 5.3	4.4	3.2- 5.8
Administrative and general expense	5.0	4.2- 6.4	4.6	3.3- 5.4	3.6	2.8- 4.6	4.1	3.4- 5.4
Net operating profit .....	1.1	(L)0.1- 2.2	1.4	0.3- 2.8	0.7	0.1- 1.3	0.9	0.1- 2.1

(L) Operating loss.

## Incorporated Companies 1951

Comparison of the profit and expense ratios of incorporated firms, with all firms, indicated that the difference in the ratios were negligible. Net profit before income tax, expressed as a proportion of net

sales, was 1.10% and 1.02% for "incorporated" and "all firms" respectively. Income tax reduced the incorporated firms' ratio to 0.82%, a decrease of 25%.

TABLE 9. Operating Results of Incorporated Fruit and Vegetable Wholesalers, 1951,  
by Size of Firm

Item	Firms with 1951 sales of			(Per cent of net sales)		Total all sizes	
	Under \$500,000	\$500,000 to \$999,999	\$1,000,000 and over				
(Per cent of net sales)							
Gross profit .....	13.06	13.46	10.58				11.31
Operating expenses .....	11.49	11.69	9.82				10.30
Net operating profit .....	1.57	1.77	0.76				1.01
Other trading income .....	0.12	0.10	0.17				0.16
Miscellaneous expense .....	0.02	0.10	0.07				0.07
Net profit before income tax deduction .....	1.67	1.77	0.86				1.10
Income tax .....	0.50	0.37	0.22				0.28
Final net profit .....	1.17	1.40	0.64				0.82

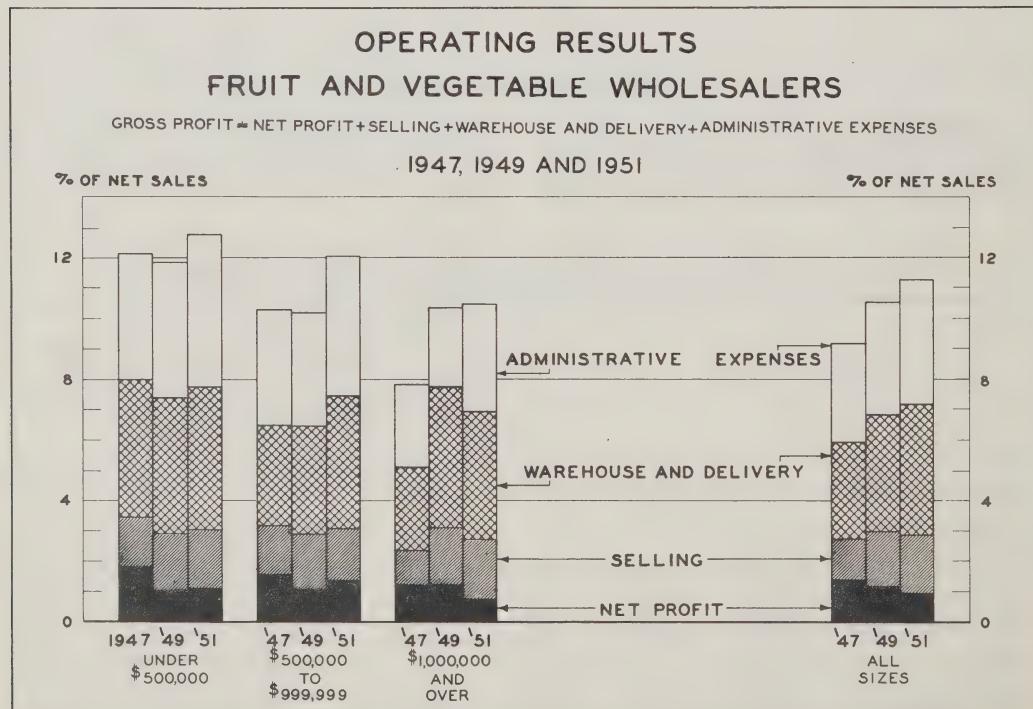
## Comparison of 1949 and 1951 Identical Firm Results

The following table serves as confirmation that the trends and conclusions deduced from comparing average data of all responding firms apply as had identical firm data been used.

TABLE 10. Operating Results of Fruit and Vegetable Wholesalers, 1949 and 1951 Compared

Item	All respondents		Identical firms	
	1949	1951	1949	1951
Number of firms .....	91	86	67	67
Average net sales per firm .....	\$ 751,509	850,808	875,501	950,213
(Per cent of net sales)				
Gross profit .....	10.57	11.27	10.64	10.99
Operating expenses:				
Selling expense .....	1.86	1.90	1.85	1.91
Warehouse and delivery expense.....	3.82	4.35	3.80	4.25
Administrative and general expense.....	3.76	4.08	3.73	3.94
Total operating expenses .....	9.44	10.33	9.38	10.10
Net operating profit .....	1.13	0.94	1.26	0.89

CHART 2.



# TOBACCO AND CONFECTIONERY WHOLESALERS

## Description of Reporting Firms

Item	Firms with 1951 sales of			Total all sizes
	Under \$500,000	\$500,000 to \$999,999	\$1,000,000 and over	
Number of firms .....	28	54	46	128
Form of organization:				
Individual proprietorship .....	9	18	6	33
Partnership .....	13	11	8	32
Incorporated company .....	6	25	32	63
Number of firms operated as:				
Single establishment.....	28	53	39	120
Multiple establishment .....	—	1	7	8
Distribution of sales:				
To retailers .....	%	98.09	99.05	98.27
To other wholesalers and large users .....	%	1.32	0.94	1.57
To others .....	%	0.59	0.01	0.16

Of the 128 reporting firms, 63 were incorporated companies, 32 were partnerships, and the remaining 33 were individual proprietorships. A very large proportion (120) of these firms noted that they

operated only one establishment. Sales to retail stores accounted for 98% of total sales, the remaining sales were made almost entirely to other wholesalers and large users, such as institutions

## REVIEW OF 1951 OPERATING RESULTS

### Profit and Expense Ratios

Profit and expense ratios represent portions of the average net sales' dollar. Because average profit and expense figures per firm are expressed as percentages of average net sales per firm, it is necessary to take into account the rate of change of these average net sales when comparing ratios applicable to different surveys. When comparing 1951 results with 1949, a period of increasing prices, the increase of average net sales per firm has a decreasing effect on profit and expense ratios. If a decrease occurs in the profit or expense ratios, it does not necessarily mean the amount of profit or expense is less; but does mean the average profit or expense did not increase at as great a rate as average net sales. That is, if net sales increased 10% from \$1,000,000 in 1949 to \$1,100,000 in 1951, and rent showed a proportionate increase from \$5,000 to \$5,500, the rent expense ratios for the two years would be identical. However, if rent remained unchanged, or increased less than 10%, the rent expense ratio would show a decrease. To interpret a change in ratios between two years correctly, it is therefore necessary to note changes in net sales. During this phase of analysis, the utmost caution should be taken to avoid interpreting the average net sales per firm as typical of an establishment. Averages are shown only to indicate central tendency in sales size ranges as a guide to in-

dividual wholesalers wishing to compare their results. Ratios reduce the effect of multiple establishment firms and may be used with a high degree of accuracy as typical of the trade. The effects of normal sales variations and changes in price levels also tend to be eliminated when results are expressed as ratios. Therefore, ratios of two surveys may be compared, but the rate of change of average net sales per firm should be noted.

Tobacco and confectionery wholesalers obtained an average gross profit of 7.55 per cent of average net sales for their 1951 operations. The three major expense groups, selling, warehouse and delivery, and administrative and general, amounted to 2.05%, 1.53% and 2.66% respectively, when expressed as proportions of net sales. Results of the three sales size categories, when compared, showed the gross profit ratio varied directly with the size of firm. Selling expenses also showed this relationship, but the largest expense ratios of warehouse and delivery, and administrative and general expense, occurred in the middle sales size range. Net operating profit ratios, for the three typical sales size classifications, ranged from 1.07% to 1.42%. Miscellaneous income and expense netted an increase in each group, with the result that final net profit ratios ranged from 1.22% to 1.62%.

TABLE 11. Operating Results of Tobacco and Confectionery Wholesalers, 1951,  
by Size of Firm

Item	Firms with 1951 sales of			Total all sizes
	Under \$500,000	\$500,000 to \$999,999	\$1,000,000 and over	
Number of firms reporting .....	28	54	46	128
Average net sales per firm .....	\$ 363,988	721,477	1,963,881	1,089,765
Average cost of goods sold .....	\$ 338,065	667,931	1,813,558	1,007,482
Stock turnover (times per year) .....	17.12	15.79	17.97	17.24
Average beginning inventory .....	\$ 20,122	42,390	104,855	59,967
Per cent of average net sales .....	5.53	5.88	5.34	5.50
Average ending inventory .....	\$ 19,362	42,238	96,986	56,909
Per cent of average net sales .....	5.32	5.85	4.94	5.22
<b>PROFIT AND LOSS DATA</b> (Per cent of net sales)				
Gross profit .....	<b>7.12</b>	<b>7.42</b>	<b>7.65</b>	<b>7.55</b>
Operating expenses:				
Selling expense:				
Salaries .....	1.36	1.52	1.61	1.57
Travelling .....	0.17	0.28	0.42	0.36
Advertising .....	0.08	0.07	0.05	0.06
Other selling expense .....	0.06	0.05	0.07	0.06
<b>Total selling expense</b> .....	<b>1.67</b>	<b>1.92</b>	<b>2.15</b>	<b>2.05</b>
Warehouse and delivery expense:				
Salaries and wages .....	0.82	0.99	0.94	0.94
Maintenance of delivery equipment .....	0.65	0.49	0.41	0.45
Outward freight .....	0.05	0.06	0.06	0.07
Warehouse supplies .....	0.04	0.03	0.04	0.03
Other warehouse and delivery expense .....	0.03	0.05	0.03	0.04
<b>Total warehouse and delivery expense</b> .....	<b>1.59</b>	<b>1.62</b>	<b>1.48</b>	<b>1.53</b>
Administrative and general expense:				
Salaries .....	1.37	1.52	1.39	1.42
Employees' benefits .....	0.02	0.05	0.07	0.06
Occupancy .....	0.38	0.38	0.27	0.31
Light, heat, and power .....	0.06	0.06	0.06	0.06
Taxes <sup>1</sup> .....	0.05	0.05	0.04	0.04
Insurance <sup>1</sup> .....	0.08	0.09	0.09	0.09
Office supplies .....	0.07	0.08	0.10	0.09
Communication .....	0.07	0.08	0.08	0.08
Bad debts - amount written off .....	0.24	0.21	0.19	0.20
All other expense .....	0.28	0.29	0.31	0.31
<b>Total administrative and general expense</b> .....	<b>2.62</b>	<b>2.81</b>	<b>2.60</b>	<b>2.66</b>
<b>Total operating expenses</b> .....	<b>5.88</b>	<b>6.35</b>	<b>6.23</b>	<b>6.24</b>
Net operating profit .....	1.24	1.07	1.42	1.31
Other trading income .....	0.21	0.20	0.28	0.25
Miscellaneous expense .....	0.06	0.05	0.08	0.07
<b>Net profit before income tax deduction</b> .....	<b>1.39</b>	<b>1.22</b>	<b>1.62</b>	<b>1.49</b>
<b>MISCELLANEOUS DATA</b>				
Credit sales:				
Average per firm .....	\$ 248,711	552,002	1,560,303	847,401
Per cent of average net sales .....	68.33	76.51	79.45	77.76
Accounts outstanding:				
Average per firm .....	\$ 22,384	46,699	125,292	69,656
Per cent of average credit sales .....	9.00	8.46	8.03	8.22
Sales per 1,000 sq. ft. of floor space .....	\$ 146,575	201,883	212,590	203,687

1. Excludes amount attributed to real estate which is in occupancy expense.

### Inventories and Stock Turnover

Average inventories, expressed as ratios of average net sales of responding firms, decreased from 5.50% at the beginning of the year to 5.22% at the end of the year. The rate of stock turnover-

average of beginning and ending inventories divided into cost of goods sold - was 17.24, a slight decrease from the 1949 rate of 19.30.

### Credit Sales and Receivables

Average credit sales, expressed as a proportion of average net sales, increased from 73.20% to 77.76%, for 1949 and 1951 respectively. Increases occurred in each of the three sales size categories. Average accounts outstanding, expressed as proportions of average credit sales for the three sales size categories, were slightly greater in 1951

However, as was experienced in 1949, the proportion of accounts outstanding decreased as the size of firm increased. This is a condition which should be expected because the proportion of credit sales to net sales varied directly with the size of firm.

### Regional Results

The gross profit ratios of the five major regions of Canada remained in almost the same relative positions as in 1949. That is, British Columbia had the highest gross profit ratio of 7.79% followed by the Prairies and Ontario with ratios of 7.77% and 7.68% respectively. The Maritimes moved up to second lowest position with 7.23% and Quebec showed 6.98%, the lowest ratio. Ontario was again the only region to show a total expense ratio below

the Canada average of 6.24%. Comparison of the net operating profit ratios before income deductions, indicated Ontario regional wholesalers to be in the most favourable position with 1.63% followed by the Prairie wholesalers with 1.42%. Those of British Columbia were slightly below the Canada average of 1.31% and were followed by those of Quebec. The Maritime wholesalers were in the least favourable position with a ratio of 0.53%.

TABLE 12. Operating Results of Tobacco and Confectionery Wholesalers, by Regions, 1951

Item	Maritimes	Quebec	Ontario	Prairie Provinces	British Columbia	Canada
Number of firms .....	7	30	60	21	10	128
Average net sales per firm..... \$	588,303	958,121	1,165,582	1,173,436	1,205,119	1,089,765
<b>PROFIT AND LOSS DATA (Per cent of net sales)</b>						
Gross profit .....	7.23	6.98	7.68	7.77	7.79	7.55
Operating expenses:						
Selling expense .....	1.83	2.41	1.86	2.11	2.27	2.05
Warehouse and delivery expense .....	2.28	1.53	1.55	1.30	1.56	1.53
Administrative and general expense.....	2.59	2.46	2.64	2.94	2.71	2.66
Total operating expenses .....	6.70	6.40	6.05	6.35	6.54	6.24
Net operating profit .....	0.53	0.58	1.63	1.42	1.25	1.31

## Range Figures

The range figures, introduced in 1949, indicate to what extent the average is typical for each sales size category. This allows an individual wholesaler to assess the operations of his business with the average more accurately. That is, if the ratios of a specific item for a group of wholesalers vary con-

siderably, the range figures indicate the wide spread necessary to contain the middle 50% of the firms; conversely, if the ratios tend to be clustered, the range figures would indicate the middle 50% of the firms grouped closely about the average.

TABLE 13. Average and Middle Range Ratios of Tobacco and Confectionery Wholesalers, 1951

Item	Firms with 1951 sales of						Total all sizes	
	Under \$500,000		\$500,000 to \$999,999		\$1,000,000 and over			
	Average	Middle range	Average	Middle range	Average	Middle range	Average	Middle range
Gross Profit .....	7.1	5.8 - 8.3	7.4	6.1 - 8.4	7.7	6.8 - 8.2	7.6	6.6 - 8.3
Selling expense .....	1.7	1.0 - 2.4	1.9	1.2 - 2.4	2.2	1.6 - 2.4	2.0	1.3 - 2.4
Warehouse and delivery expense.....	1.6	1.1 - 2.1	1.6	1.1 - 2.0	1.5	1.2 - 1.7	1.5	1.2 - 1.8
Administrative and general expense.....	2.6	2.2 - 3.2	2.8	2.0 - 3.5	2.6	2.2 - 3.3	2.7	2.2 - 3.3
Net operating profit.....	1.2	0.1 - 2.1	1.1	0.4 - 1.7	1.4	0.3 - 2.1	1.2	0.2 - 1.8

## Incorporated Companies 1951

Comparison of the profit and expense ratios of the incorporated firms, with all firms, indicated that the differences in ratios were negligible. Net profit before income tax, expressed as a percentage

of net sales, was 1.47% and 1.49% for "incorporated" and "all firms" respectively. Income tax reduced the incorporated firms' ratio to 0.84%, a decrease of 43%.

TABLE 14. Operating Results of Incorporated Tobacco and Confectionery Wholesalers, 1951, By Size of Firm

Item	Firms with 1951 sales of			Total all sizes
	Under \$500,000	\$500,000 to \$999,999	\$1,000,000 and over	
(Per cent of net sales)				
Gross profit .....	7.40	7.60	7.74	7.70
Operating expenses.....	6.37	6.53	6.41	6.43
Net operating profit.....	1.93	1.07	1.33	1.27
Other trading income.....	0.17	0.21	0.31	0.29
Miscellaneous expense .....	0.05	0.09	0.09	0.09
Net profit before income tax deduction .....	1.15	1.19	1.55	1.47
Income tax .....	0.25	0.33	0.72	0.63
Final net profit .....	0.90	0.86	0.83	0.84

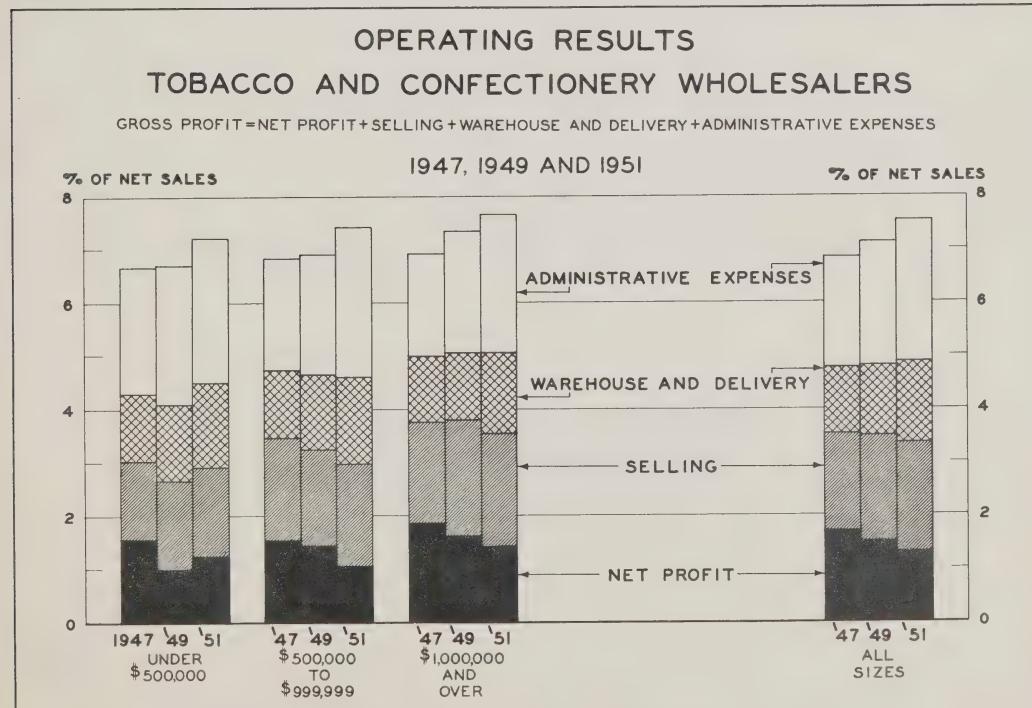
## Comparison of 1949 and 1951 Identical Firm Results

The following table serves as confirmation that the trends and conclusions deduced from comparing average data of all responding firms apply as had identical firm data been used.

TABLE 15. Operating Results of Tobacco and Confectionery Wholesalers, 1949 and 1951 Compared

Item	All respondents		Identical firms	
	1949	1951	1949	1951
Number of firms .....	134	128	105	105
Average net sales per firm..... \$	955,988	1,089,765	946,967	1,068,953
(Per cent of net sales)				
<b>Gross profit</b> .....	<b>7.14</b>	<b>7.55</b>	<b>7.14</b>	<b>7.51</b>
Operating expenses:				
Selling expense.....	2.00	2.05	1.93	2.05
Warehouse and delivery expense.....	1.32	1.53	1.31	1.44
Administrative and general expense.....	2.33	2.66	2.34	2.69
<b>Total operating expenses</b> .....	<b>5.65</b>	<b>6.24</b>	<b>5.58</b>	<b>6.18</b>
<b>Net operating profit</b> .....	<b>1.49</b>	<b>1.31</b>	<b>1.56</b>	<b>1.33</b>

CHART 3.





63-419



# OPERATING RESULTS OF FOOD WHOLESALERS

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## 1953

*Published by Authority of*  
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## NOTICE

The annual reports prepared by the Industry and Merchandising Division of the Bureau of Statistics are divided into 3 volumes, as follows: **Volume I** — The Primary Industries, including mining, forestry and fisheries; **Volume II** — Manufacturing; **Volume III** — Merchandising and Services.

Volume III consists of the following parts with individual trade reports listed under each:

### Part I — Wholesale Statistics

- A — Wholesale Trade (not issued 1953)
- B — Operating Results of Food Wholesalers, 25¢
- C — Operating Results of Dry Goods, Piece Goods and Footwear Wholesalers, 25¢
- D — 1 Operating Results of Automotive Parts and Accessories Wholesalers, 25¢
  - 2 Operating Results of Drug Wholesalers, 25¢
  - 3 Operating Results of Hardware Wholesalers, 25¢
  - 4 Operating Results of Plumbing and Heating Equipment Wholesalers, 25¢
  - 5 Operating Results of Household Appliance & Electrical Supply Wholesalers, 25¢

### Part II — Retail Statistics

- E — General Review—(Discontinued)
- F — Retail Trade, 50¢
- G — Retail Chain Stores, 50¢
- H — Operating Results of Chain Food Stores, 25¢
- I — Operating Results of Chain Clothing Stores, 25¢
- J — 1 Operating Results of Chain Variety Stores, 25¢
  - 2 Operating Results of Chain Drug Stores, 25¢
  - 3 Operating Results of Chain Furniture Stores, 25¢
- \* K — Operating Results of Independent Food Stores, 25¢
- \* L — Operating Results of Independent Clothing Stores, 25¢
- \* M — Operating Results of Independent Hardware, Furniture, Appliance and Radio Stores, 25¢
- \* N — Operating Results of Filling Stations & Garages, 25¢
- \* O — 1 Operating Results of Independent General Stores, 25¢
  - 2 Operating Results of Independent Restaurants, 25¢
  - 3 Operating Results of Independent Fuel Dealers, 25¢
  - 4 Operating Results of Independent Drug Stores, 25¢
  - 5 Operating Results of Independent Jewellery Stores, 25¢
  - 6 Operating Results of Independent Tobacco Stores, 25¢
- P — Retail Consumer Credit

### Part III — Services and Special Fields

- Q — Laundries, Cleaners and Dyers, 25¢
- R — Motion Picture Theatres, Exhibitors and Distributors, 25¢
- S — Hotels, 25¢
- T — Sales Financing, 25¢
- U — Farm Implement and Equipment Sales, 25¢
- V — New Motor Vehicle Sales and Motor Vehicle Financing, 25¢
- W — Advertising Agencies (Memorandum), 10¢
- X — Motion Picture Production (Memorandum), 10¢

The reports are punched to permit of filing in a ring binder.

\* Biennial reports — not issued for 1953.

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## OPERATING RESULTS – LIST OF REPORTS

### WHOLESALE TRADE (1947, 1949, 1951 and 1953)

1. Food Wholesalers
2. Dry Goods, Piece Goods, Footwear Wholesalers
3. Automotive Parts and Accessories Wholesalers
4. Drug Wholesalers
5. Hardware Wholesalers
6. Plumbing and Heating Equipment Wholesalers
7. Household Appliance and Electrical Supply Wholesalers

### INDEPENDENT RETAIL STORES (1944, 1945, 1946, 1948, 1950 and 1952)

1. Food Stores
2. Clothing Stores
3. Hardware, Furniture, Household Appliance and Radio Stores
4. Filling Stations and Garages
5. General Stores
6. Restaurants
7. Fuel Dealers
8. Drug Stores
9. Jewellery Stores
10. Tobacco Stores

### RETAIL CHAIN STORES (1947, 1949, 1951 and 1953)

1. Chain Food Stores
2. Chain Clothing Stores
3. Chain Variety Stores
4. Chain Furniture Stores
5. Chain Drug Stores



# OPERATING RESULTS OF FOOD WHOLESALERS

## 1953

### INTRODUCTION

The following explanatory notes describe certain features of the operating results series contained in this report.

#### Scope

This study is confined to wholesale merchants, i.e. those wholesalers performing the full selling, warehousing and delivery functions. Agents, brokers, drop shippers and other specialized types of wholesale distributor are not included. Three separate trades are covered — grocery, fruit and vegetable, and confectionery wholesalers.

#### Content

Most emphasis has been placed on the presentation of profit and loss statistics. Average gross and net profits and detailed operating expenses are shown for the most suitable sales-size classes. Operating expenses appear separately for selling, warehouse and delivery, and administrative and general departments. The customary profit and loss details are supplemented by information on other related operating features including inventories, rate of stock turnover, credit sales and receivables, and floor space used. Wherever possible, a table showing regional figures has been prepared, but results of Newfoundland wholesalers are not included. Proprietors' salaries were included with administrative salaries. An income tax tabulation was made for incorporated companies only. Middle range figures for gross and net profits, and for the three main functional divisions of expense, introduced in 1949, are contained in this report. Results for one-half of all firms fell within the range shown for each item, while one-quarter of the firms fell on either side of the range limits indicated. (Because each was treated singly, the sum of net profit and the expense items does not necessarily equal gross profit in those tables showing middle range data.)

#### Purpose

The primary purpose of the operating costs surveys is to provide averages on the different phases of business operations against which firms in the same trade may make direct comparisons with their own operating results. They also provide useful information to others interested in the cost of distribution of consumer goods.

#### Period Covered

This report deals largely with 1953 operations and is the fourth biennial publication in a series begun in 1947. Certain summary tables show identical firm results for 1951 and 1953. The charts show the gross profit components for 1949, 1951 and 1953 by suitable sales-size classifications for each trade.



## SUMMARY OF 1953 RESULTS BY TRADES

The following summary table shows the principal operating results figures for three components of the food wholesale business. In analyzing the performance of an individual food wholesale company, reference should be made to the detailed tables in

the appropriate sections of this bulletin. In these sections (grocery, fruit and vegetable, and tobacco and confectionery) operating results figures for typical sales-size classifications and geographic locations are revealed.

**Operating Results of Grocery, Fruit and Vegetable, and Tobacco and Confectionery Wholesalers Compared, 1953**

Item	Grocery	Fruit and vegetable	Tobacco and confectionery
Number of firms .....	116	82	134
Average net sales per firm ..... \$	3,258,592	943,059	1,243,053
Stock turnover (times per year) .....	10.44	34.70	17.16
(Per cent of net sales)			
<b>Gross profit</b> .....	<b>7.66</b>	<b>11.79</b>	<b>7.63</b>
Operating expenses:			
Selling .....	1.40	2.12	2.16
Warehouse and delivery .....	2.53	4.87	1.69
Administrative and general .....	3.27	4.06	2.68
<b>Total operating expenses</b> .....	<b>7.20</b>	<b>11.05</b>	<b>6.53</b>
<b>Net operating profit</b> .....	<b>0.46</b>	<b>0.74</b>	<b>1.10</b>
Non-trading income .....	0.56	0.20	0.25
Non-trading expense .....	0.07	0.08	0.06
<b>Net profit before income tax deduction</b> .....	<b>0.95</b>	<b>0.86</b>	<b>1.29</b>
Credit sales .....	85.51	79.86	78.23
Sales to retail stores .....	89.13	75.93	98.43

Extreme caution should be observed to avoid comparing absolute dollar values (average sales, cost of goods etc.) published in this report, with corresponding items of individual establishments or firms. These values are averages of items reported by both single and multiple establishment firms and are "firm" averages, not "establishment" averages. Consequently, a concentration of multiple establishment firms in a specific trade will result in an abnormal average for that trade. Ratios, however, may be used with a high degree of reliability when applied to either an establishment or a firm. The survey was designed primarily to obtain operating ratios to which single and multiple establishment firms might compare their operating results. Absolute values are shown only for the purpose of assisting the wholesaler to place his firm in relation to the average in the appropriate sales-size category.

Average sales of the three trades maintained the same relative position as in 1951, with grocery wholesalers averaging \$3,258,592, fruit and vegetable wholesalers \$943,059 and tobacco and confectionery wholesalers \$1,243,053. The interrelationship of stock turnover varied in 1953 with a decline in the fruit and vegetable ratio to 34.70

times per year, double that of tobacco and confectionery. Grocery wholesalers retained a stock turnover ratio of 10.44 times per year which approximated the 1951 rate. The average gross profit of fruit and vegetable wholesalers continued to place highest with 11.79 per cent of average net sales but the high operating cost ratios for this group placed the net operating profit ratio of 0.74 per cent second or in the middle position of the three trades. Gross profit ratios of the other two trades were highly similar, grocery with 7.66 per cent and tobacco and confectionery with 7.63 per cent, both of much the same order as in 1951. Consequently, tobacco and confectionery wholesale merchants obtained the highest net operating profit ratio of 1.10 per cent and grocery wholesalers the lowest of 0.46 per cent. The division of expenses between the three main groups was different in each of the three trades due to the peculiarities of the respective trades. Average credit sales, expressed as a percentage of average net sales, was slightly higher in 1953 for grocery and tobacco and confectionery wholesalers, amounting to 85.51 per cent and 78.23 per cent respectively. Fruit and vegetable wholesalers reported a slightly lower credit sales ratio of 79.86 per cent, compared to 1951 results.

# GROCERY WHOLESALERS

## Description of Reporting Firms

Item	Firms with 1953 sales of				Total all sizes
	Under \$1,000,000	\$1,000,000 to \$4,999,999	\$5,000,000 to \$9,999,999	\$10,000,000 and over	
Number of firms .....	44	57	10	5	116
Form organization:					
Individual proprietorship .....	9	—	—	—	9
Partnership .....	10	3	1	—	14
Incorporated company .....	25	54	9	5	93
Number of firms operated as:					
Single establishment .....	44	50	6	—	100
Multiple establishment .....	—	7	4	5	16
Distribution of sales:					
To retailers .....	%	92.72	82.88	92.06	92.12
To other wholesalers and large users .....	%	6.67	7.31	3.97	7.88
To others .....	%	0.61	9.81	3.97	—
					89.13
					6.88
					3.99

Of the 116 firms reporting, 93 were incorporated and the remaining 23 were comprised of 9 individual proprietorships and 14 partnerships. Sixteen of the reporting firms operated more than one establish-

ment. Sales to retail stores made up 89 per cent of total sales. Of the remaining sales, other wholesalers and large users, such as institutions, accounted for almost seven per cent.

## REVIEW OF 1953 OPERATING RESULTS

### Profit and Expense Ratios

Profit and expense ratios represent portions of the average net sales' dollar. Because average profit and expense figures per firm are expressed as percentages of average net sales per firm, it is necessary to take into account the rate of change of these average net sales when comparing ratios applicable to different surveys. When comparing 1953 results with 1951, a period of increasing prices, the increase of average net sales per firm has a decreasing effect on profit and expense ratios. If a decrease occurs in the profit or expense ratios, it does not necessarily mean the amount of profit or expense is less; but does mean the average profit or expense did not increase at as great a rate as average net sales. That is, if net sales increased 10% from \$1,000,000 in 1951 to \$1,100,000 in 1953, and rent showed a proportionate increase from \$5,000 to \$5,500, the rent expense ratios for the two years would be identical. However, if rent remained unchanged, or increased less than 10%, the rent expense ratio would show a decrease. To interpret a change in ratios between two years correctly, it is therefore necessary to note changes in net sales. During this phase of analysis, the utmost caution should be taken to avoid interpreting the average net sales per firm as typical of an establishment. Averages are shown only to indicate central tendency in sales-size ranges as a guide to individual wholesalers wishing to compare their results. Ratios reduce the effect of multiple establishment firms and may be used with a high degree of accuracy as

typical of the trade. The effects of normal sales variations and changes in price levels also tend to be eliminated when results are expressed as ratios. Therefore, ratios of two surveys may be compared, but the rate of change of average net sales per firm should be noted.

Grocery wholesalers obtained an average gross profit of 7.66 per cent of average net sales on 1953 operations, slightly less than the 1951 ratio of 7.96 per cent. This indicates that the average gross profit increased at a slighter lower rate than average net sales. This condition was common to all group averages except the smallest sales-size classification. The total operating expense ratio for grocery wholesalers was greater in each sales-size group and averaged 7.20 per cent compared to the 1951 ratio of 7.01 per cent. Administrative and general expense of 3.27 per cent again accounted for almost half of total operating expenses. Warehouse and delivery expense averaged 2.53 per cent of net sales and showed increases over 1951 results in each group. Selling expenses remained of much the same order at 1.40 per cent of net sales. The combined effect of lower gross profit and higher expense ratios resulted in lower net operating profit ratios. Although miscellaneous expenses and income netted an increase, the net profit before income tax deduction ratio which averaged 0.95 per cent, was lower in each sales-size group than was shown in the 1951 results.

TABLE 1. Operating Results of Grocery Wholesalers, 1953, by Size of Firm

Item	Firms with 1953 sales of				Total all sizes
	Under \$1,000,000	\$1,000,000 to \$4,999,999	\$5,000,000 to \$9,999,999	\$10,000,000 and over	
Number of firms reporting.....	44	57	10	5	116
Average net sales per firm..... \$	641,540	2,168,073	7,002,989	31,231,772	3,258,592
Average cost of goods sold..... \$	590,183	2,002,730	6,451,122	28,881,566	3,008,989
Stock turnover (times per year).....	8.40	9.36	10.58	11.98	10.44
Average beginning inventory..... \$	69,835	211,536	593,914	2,398,241	285,006
Per cent of average net sales.....	10.89	9.76	8.48	7.68	8.75
Average ending inventory..... \$	70,664	216,449	625,240	2,423,602	291,528
Per cent of average net sales.....	11.01	9.98	8.93	7.76	8.95
<b>PROFIT AND LOSS DATA</b> (Per cent of net sales)					
<b>Gross profit</b> .....	<b>8.01</b>	<b>7.62</b>	<b>7.88</b>	<b>7.52</b>	<b>7.66</b>
Operating expenses:					
Selling expense:					
Salaries .....	1.25	0.99	1.08	0.68	0.90
Travelling .....	0.36	0.35	0.33	0.31	0.33
Advertising .....	0.06	0.07	0.20	0.05	0.09
Other selling expense .....	0.05	0.06	0.11	0.09	0.08
<b>Total selling expense</b> .....	<b>1.72</b>	<b>1.47</b>	<b>1.72</b>	<b>1.13</b>	<b>1.40</b>
Warehouse and delivery expense:					
Salaries and wages .....	1.45	1.72	1.94	1.83	1.78
Maintenance of delivery equipment .....	0.61	0.53	0.59	0.19	0.41
Outward freight .....	0.15	0.11	0.06	0.41	0.23
Warehouse supplies .....	0.04	0.04	0.03	0.04	0.04
Other warehouse and delivery expense .....	0.09	0.06	0.11	0.06	0.07
<b>Total warehouse and delivery expense</b> .....	<b>2.34</b>	<b>2.46</b>	<b>2.73</b>	<b>2.53</b>	<b>2.53</b>
Administrative and general expense:					
Salaries .....	1.77	1.70	1.64	1.76	1.72
Employees' benefits .....	0.06	0.09	0.06	0.21	0.13
Occupancy .....	0.58	0.54	0.49	0.53	0.53
Light, heat and power .....	0.09	0.09	0.09	0.11	0.10
Taxes <sup>1</sup> .....	0.08	0.06	0.04	0.03	0.04
Insurance .....	0.14	0.09	0.07	0.07	0.08
Office supplies .....	0.09	0.12	0.14	0.12	0.12
Communication .....	0.09	0.11	0.09	0.15	0.12
Bad debts-amount written off .....	0.18	0.14	0.04	0.06	0.09
All other expense .....	0.33	0.35	0.31	0.32	0.34
<b>Total administrative and general expense</b> .....	<b>3.41</b>	<b>3.29</b>	<b>2.97</b>	<b>3.36</b>	<b>3.27</b>
<b>Total operating expenses</b> .....	<b>7.47</b>	<b>7.22</b>	<b>7.42</b>	<b>7.02</b>	<b>7.20</b>
Net operating profit .....	0.54	0.40	0.46	0.50	0.46
Non-trading income .....	0.35	0.34	0.29	0.90	0.56
Non-trading expense .....	0.07	0.12	0.08	0.03	0.07
<b>Net profit before income tax deduction</b> .....	<b>0.82</b>	<b>0.62</b>	<b>0.67</b>	<b>1.37</b>	<b>0.95</b>
<b>MISCELLANEOUS DATA</b>					
Credit sales:					
Average per firm .....	\$ 493,023	1,826,818	5,298,461	28,692,629	2,786,422
Per cent of average net sales .....	76.85	84.26	75.66	91.87	85.51
Accounts outstanding:					
Average per firm .....	\$ 36,977	121,483	289,826	1,328,469	155,482
Per cent of average credit sales .....	7.50	6.65	5.47	4.63	5.58
Sales per 1,000 sq. ft. of floor space .....	\$ 59,675	81,989	119,667	95,130	90,040

1. Excludes amount attributed to real estate which is in occupancy expense.

### Inventories and Stock Turnover

Average inventories, expressed as ratios of the average net sales of responding firms, increased from 8.75 per cent at the beginning of the year to 8.95 per cent at the end of the year. This was a continuation of the trend of the 1951 ratios which

increased from 8.97 per cent to 9.24 per cent. The rate of stock turnover—average of beginning and year end inventories divided into the cost of goods sold—averaged 10.44 for all grocery wholesalers, a slight increase over the 1951 rate.

### Credit Sales and Receivables

Credit sales of wholesale merchants accounted for 85.51 per cent of their net sales in 1953, slightly higher than the 1951 rate of 84.68 per cent. Similar to the 1951 relative positions of the group ratios, the lowest ratio (75.66 per cent) and the highest ratio (91.87 per cent) occurred in the second largest

and largest sales-size categories respectively. Accounts outstanding at the year end were 5.58 per cent of credit sales for all grocery wholesalers and ranged inversely with sales-size from 4.63 per cent to 7.50 per cent.

### Regional Results

Gross profit ratios or mark-ups of grocery wholesalers in the four principal regions of Canada, showed no significant differences from the ratio of 7.66 per cent for Canada. The Maritimes' 1953 ratio of 8.20 per cent, as in 1951, remained in the relatively highest position. Quebec grocery wholesalers averaged the lowest gross profit ratio of 7.09 per cent, whereas Ontario wholesalers reported an average of 7.77 per cent, and the Prairie and British Columbia wholealers approximated the Canada average with 7.65 per cent. Maritime wholesalers reported operating expenses of 7.48 per cent, the only regional group to exceed the Canada average of 7.20 per cent. However, increased expenses were

insufficient to offset the comparatively high gross margin and this group averaged the highest net operating profit ratio with 0.72 per cent compared to the Canada average of 0.46 per cent. Quebec wholesalers were the only group to average a slight loss, with an expense ratio of 7.13 per cent exceeding their average gross profit ratio by 0.04 per cent of net sales. Ontario wholesalers reported the lowest ratio of operating expenses and obtained the second highest net operating profit ratio of 0.68 per cent. Prairie and British Columbia wholesalers continued to approximate the Canada averages with an operating expense ratio of 7.18 per cent and a net operating profit of 0.47 per cent of average net sales.

TABLE 2. Operating Results of Grocery Wholesalers by Regions, 1953

Item	Maritimes	Quebec	Ontario	Prairie Provinces and B.C.	Canada
Number of firms .....	30	38	32	16	116
Average net sales per firm .....	\$ 1,856,937	1,748,916	2,634,181	10,721,003	3,258,542
(Per cent of net sales)					
Gross profit .....	8.20	7.09	7.77	7.65	7.66
Operating expenses:					
Selling .....	1.48	1.67	1.54	1.20	1.40
Warehouse and delivery .....	2.36	2.37	2.70	2.56	2.53
Administrative and general .....	3.64	3.09	2.85	3.42	3.27
Total operating expenses .....	7.48	7.13	7.09	7.18	7.20
Net operating profit .....	0.72	10.04	0.68	0.47	0.46

1. Operating loss.

## Range Figures

The range figures, introduced in 1949, indicate to what extent the average is typical for each sales size category. This allows an individual wholesaler to assess the operations of his business with the average more accurately. That is, if the ratios of a specific item for a group of wholesalers vary

considerably, the range figures indicate the wide spread necessary to contain the middle 50% of the firms; conversely, if the ratios tend to be clustered the range figures would indicate the middle 50% of the firms grouped closely about the average.

TABLE 3. Average and Middle Range Ratios of Grocery Wholesalers, 1953

Item	Firms with 1953 sales of				Total all sizes	
	Under \$1,000,000		\$1,000,000 to \$4,999,999			
	Average	Middle range	Average	Middle range	Average	Middle range
(Per cent of net sales)						
Gross profit .....	8.0	7.2-8.9	7.6	7.0-8.9	7.7	7.0-8.9
Selling expense .....	1.7	1.3-2.2	1.4	1.0-2.0	1.4	1.0-2.0
Warehouse and delivery expense.....	2.4	1.8-2.9	2.5	1.9-3.0	2.5	1.9-2.9
Administrative and general expense .....	3.4	2.6-4.3	3.3	2.9-3.8	3.3	2.7-3.8
Net operating profit .....	0.5	10.2-1.2	0.4	10.1-1.1	0.5	10.1-1.1

1. Operating loss.

## Incorporated Companies 1953

Comparison of the profit and expense ratios of the incorporated firms only, with all firms, indicated that the differences in the ratios were negligible. Net profit before income tax, expressed as a pro-

portion of net sales, was 0.95 per cent for both "incorporated firms" and "all firms". Income tax reduced the incorporated firms' ratio to 0.58 per cent, a decrease of 39 per cent.

TABLE 4. Operating Results of Incorporated Grocery Wholesalers, 1953, by Size of Firm

Item	Firms with 1953 sales of				Total all sizes
	Under \$1,000,000	\$1,000,000 to \$4,999,999	\$5,000,000 to \$9,999,999	\$10,000,000 and over	
(Per cent of net sales)					
Gross profit .....	8.28	7.63	7.71	7.52	7.63
Operating expenses .....	7.88	7.24	7.23	7.02	7.18
Net operating profit .....	0.40	0.39	0.48	0.50	0.45
Non-trading income .....	0.41	0.32	0.23	0.90	0.57
Non-trading expense .....	0.07	0.12	0.09	0.03	0.07
Net profit before income tax deduction .....	0.74	0.59	0.62	1.37	0.95
Income tax .....	0.35	0.23	0.20	0.55	0.37
Final net profit .....	0.39	0.36	0.42	0.82	0.58

**Comparison of 1951 and 1953 Identical Firm Results**

The following table serves as confirmation that the trends and conclusions deduced from comparing

average data of all responding firms apply as had identical firm data been used.

**TABLE 5. Operating Results of Grocery Wholesalers, 1951 and 1953 Compared**

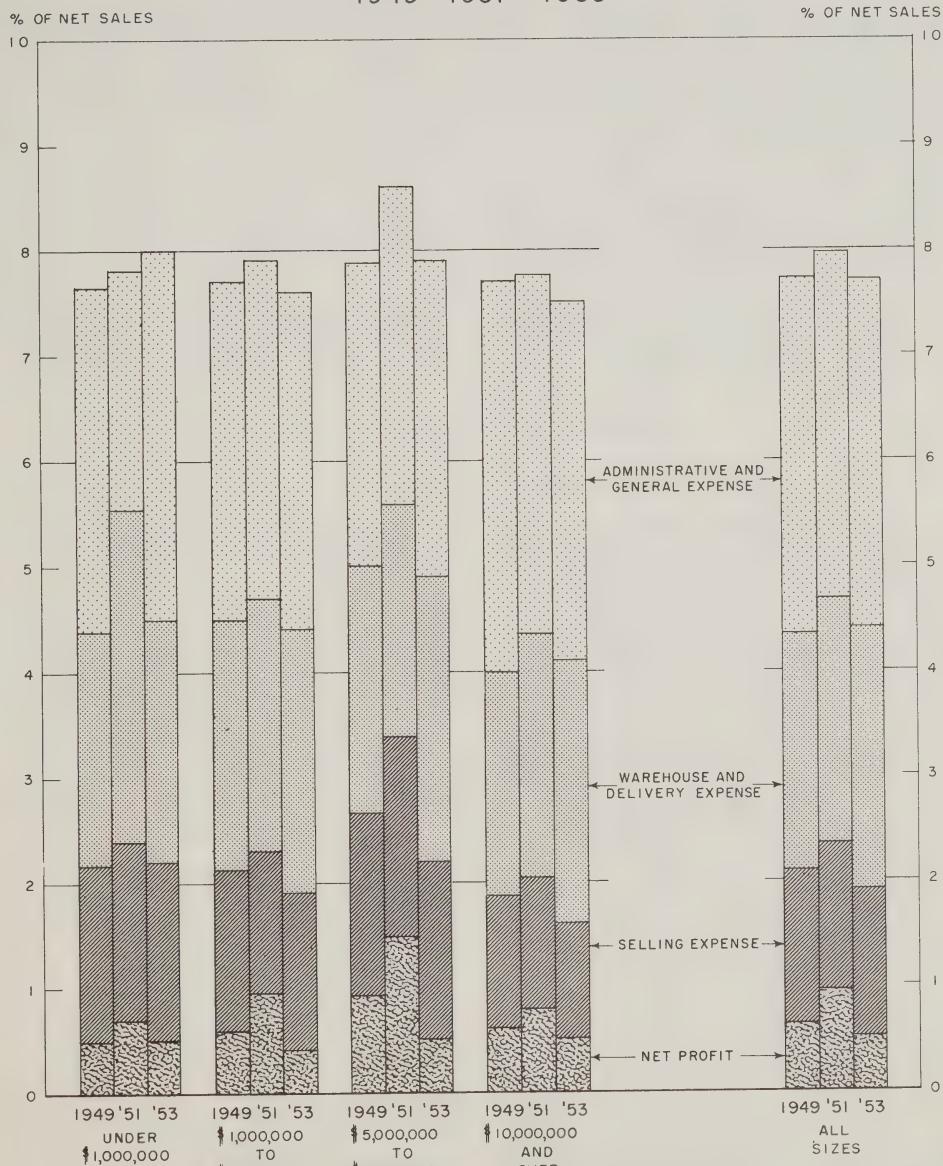
Item	All Respondents		Identical Firms	
	1951	1953	1951	1953
Number of firms .....	113	116	99	99
Average net sales per firm .....	\$ 3,025,875	3,258,592	3,318,363	3,548,551
(Per cent of net sales)				
<b>Gross profit</b> .....	<b>7.96</b>	<b>7.66</b>	<b>7.98</b>	<b>7.61</b>
Operating expenses:				
Selling .....	1.41	1.40	1.42	1.37
Warehouse and delivery .....	2.33	2.53	2.34	2.51
Administrative and general .....	3.27	3.27	3.28	3.27
<b>Total operating expenses</b> .....	<b>7.01</b>	<b>7.20</b>	<b>7.04</b>	<b>7.15</b>
<b>Net operating profit</b> .....	<b>0.95</b>	<b>0.46</b>	<b>0.94</b>	<b>0.46</b>

CHART - I

## OPERATING RESULTS OF GROCERY WHOLESALERS

GROSS PROFIT = NET PROFIT + SELLING + WAREHOUSE AND DELIVERY + ADMINISTRATIVE EXPENSES

1949 - 1951 - 1953



# FRUIT AND VEGETABLE WHOLESALERS

## Description of Reporting Firms

Item	Firms with 1953 sales of			Total all sizes
	Under \$500,000	\$500,000 to \$999,999	\$1,000,000 and over	
Number of firms .....	31	26	25	82
Form of organization:				
Individual proprietorship .....	10	4	1	15
Partnership .....	10	9	3	22
Incorporated company .....	11	13	21	45
Number of firms operated as:				
Single establishment .....	29	25	21	75
Multiple establishment .....	2	1	4	7
Distribution of sales:				
To retailers .....	77.34%	83.41%	72.72%	75.93
To other wholesalers and large users .....	21.85%	15.36%	20.65%	19.49
To others .....	0.81%	1.23%	5.63%	4.58

Of the 82 firms reporting, 45 were incorporated and the remaining 37 were comprised of 22 partnerships and 15 single proprietorships. Only seven firms operated more than one establishment. Almost

76 per cent of total sales were made to retailers, and approximately 19 per cent to other wholesalers and large users, such as institutions.

## REVIEW OF 1953 OPERATING RESULTS

### Profit and Expense Ratios

Profit and expense ratios represent portions of the average net sales' dollar. Because average profit and expense figures per firm are expressed as percentages of average net sales per firm, it is necessary to take into account the rate of change of these average net sales when comparing ratios applicable to different surveys. When comparing 1953 results with 1951, a period of increasing prices, the increase of average net sales per firm has a decreasing effect on profit and expense ratios. If a decrease occurs in the profit or expense ratios, it does not necessarily mean the amount of profit or expense is less; but does mean the average profit or expense did not increase at as great a rate as average net sales. That is, if net sales increased 10% from \$1,000,000 in 1951 to \$1,100,000 in 1953, and rent showed a proportionate increase from \$5,000 to \$5,500, the rent expense ratios for the two years would be identical. However, if rent remained unchanged, or increased less than 10%, the rent expense ratio would show a decrease. To interpret a change in ratios between two years correctly, it is therefore necessary to note changes in net sales. During this phase of analysis, the utmost caution should be taken to avoid interpreting the average net sales per firm as typical of an establishment. Averages are shown only to indicate central tendency in sales-size ranges as a guide to individual wholesaler wishing to compare their results. Ratios reduce the effect of multiple establishment firms and may be used with a high degree of accuracy as typical of the trade. The effects of normal sales variations and changes in price levels also tend to be eliminated when results are expressed as ratios.

Therefore, ratios of two surveys may be compared, but the rate of change of average net sales per firm should be noted.

Fruit and vegetable wholesale merchants obtained a 1953 gross profit of 11.79 per cent of their average net sales, a slightly higher ratio than was reported for 1951 operations. Within the three typical sales-size groups, increases which occurred in the smallest and largest sizes offset the slight decline reported by the mid-size firms. In total, operating expenses amounted to 11.05 per cent which resulted in a net operating profit ratio of 0.74 per cent of net sales for 1953 operations. Differences occurred within the size groupings and expense categories when compared to 1951 results. Selling expenses which represents about one fifth of total expenses showed ratio increases in each group. Warehouse and delivery expenses increased from 4.35 per cent in 1951 to 4.87 per cent in 1953 although the smallest sales-size group ratio remained at about the same proportion of net sales. Administrative and general expense ratios netted a very slight decline because the lower ratio of the mid-size firms was not quite offset by the increased ratios of the other two sales-size groups. Although non-trading income and expense netted an increase, the net profit before income tax deduction for 1953 fruit and vegetable wholesale operations, amounting to 0.86 per cent of net sales, was lower than the 1951 ratio of 1.02 per cent. That is, although both average sales increased and average gross profits increased in 1953 when compared to 1951 operations, operating expenses increased at a greater rate with a subsequent decline in the profit ratios.

**TABLE 6. Operating Results of Fruit and Vegetable Wholesalers, 1953, by Size of Firm**

Item	Firms with 1953 sales of			Total all sizes
	Under \$500,000	\$500,000 to \$999,999	\$1,000,000 and over	
Number of firms reporting .....	31	26	25	82
Average net sales per firm .....	\$ 303,185	735,859	1,951,991	943,059
Average cost of goods sold .....	\$ 262,284	650,959	1,726,208	831,841
Stock turnover (times per year) .....	33.41	53.31	30.72	34.70
Average beginning inventory .....	\$ 7,501	13,405	57,799	24,708
Per cent of average net sales .....	2.47	1.82	2.96	2.62
Average ending inventory .....	\$ 8,199	11,017	54,599	23,239
Per cent of average net sales .....	2.70	1.50	2.80	2.46
<b>PROFIT AND LOSS DATA</b> (Per cent of net sales)				
<b>Gross profit</b> .....	<b>13.49</b>	<b>11.54</b>	<b>11.56</b>	<b>11.79</b>
Operating expenses:				
Selling expense:				
Salaries .....	1.96	1.42	1.66	1.64
Travelling .....	0.37	0.24	0.30	0.29
Advertising .....	0.10	0.09	0.12	0.11
Other selling expense .....	0.03	0.09	0.08	0.08
<b>Total selling expense</b> .....	<b>2.46</b>	<b>1.84</b>	<b>2.16</b>	<b>2.12</b>
Warehouse and delivery expense:				
Salaries and wages .....	2.49	2.57	2.77	2.69
Maintenance of delivery equipment .....	1.55	1.52	1.02	1.21
Outward freight .....	0.37	0.12	0.65	0.48
Warehouse supplies .....	0.26	0.35	0.32	0.32
Other warehouse and delivery expense .....	0.09	0.14	0.20	0.17
<b>Total warehouse and delivery expense</b> .....	<b>4.76</b>	<b>4.70</b>	<b>4.96</b>	<b>4.87</b>
Administrative and general expense:				
Salaries .....	2.43	1.82	1.41	1.63
Employees' benefits .....	0.09	0.11	0.08	0.09
Occupancy .....	0.88	0.80	0.56	0.66
Light, heat and power .....	0.19	0.16	0.13	0.15
Taxes <sup>1</sup> .....	0.13	0.09	0.05	0.07
Insurance <sup>1</sup> .....	0.22	0.15	0.10	0.13
Office supplies .....	0.24	0.16	0.11	0.14
Communication .....	0.41	0.29	0.36	0.35
Bad debts — amount written off .....	0.14	0.16	0.18	0.17
All other expense .....	0.78	0.51	0.72	0.67
<b>Total administrative and general expense</b> .....	<b>5.51</b>	<b>4.25</b>	<b>3.70</b>	<b>4.06</b>
<b>Total operating expenses</b> .....	<b>12.73</b>	<b>10.79</b>	<b>10.82</b>	<b>11.05</b>
Net operating profit .....	0.76	0.75	0.74	0.74
Non-trading income .....	0.22	0.24	0.19	0.20
Non-trading expense .....	0.06	0.13	0.06	0.08
<b>Net profit before income tax deduction</b> .....	<b>0.92</b>	<b>0.86</b>	<b>0.87</b>	<b>0.86</b>
<b>MISCELLANEOUS DATA</b>				
Credit sales:				
Average per firm .....	\$ 225,691	580,814	1,581,503	753,127
Per cent of average net sales .....	74.44	78.93	81.02	79.86
Accounts outstanding:				
Average per firm .....	\$ 11,126	41,412	102,323	48,652
Per cent of average credit sales .....	4.93	7.13	6.47	6.46
Sales per 1,000 sq. ft. of floor space .....	\$ 62,074	139,827	118,435	116,410

1. Excludes amount attributed to real estate which is in occupancy expense.

### Inventories and Stock Turnover

Average inventories, expressed as a percentage of average net sales, declined from 2.62 per cent at the beginning of the year to 2.46 per cent at the end of the year. This is significant as a reversal in trend of the 1951 ratios which increased from 2.02 per cent to 2.52 per cent. Because the average inventory ratio for 1953 was greater, inventories in-

creased in 1953 to a greater extent than did average net sales. The rate of stock turnover — average of beginning and year-end inventories divided into cost of goods sold — amounted to 34.70 times per year, a lower rate than was reported for 1951 operations. This decline in stock turnover is to be expected with increased inventory ratios.

### Credit Sales and Receivables

Credit sales for 1953 amounted to 79.86 per cent of total sales, a drop from the 1951 level but approximating the 1949 proportion of 79.23 per cent. Within the sales-size classifications, the proportions ranged from 74.44 per cent to 81.02 per cent and increased with size of firm. Average accounts outstanding at the year end were 6.46 per cent of average credit sales for all fruit and vegetable wholesale merchants, only slightly below the 1951 pro-

portion of 6.88 per cent. The smaller firms reported an accounts receivable ratio of 4.93 per cent, a substantial reduction from the 1951 figure of 9.00 per cent. Middle-sized firms showed only a slight reduction with a ratio of 7.13 per cent, whereas the larger firms increased their average accounts outstanding from 6.13 per cent in 1951 to 6.47 per cent in 1953, expressed as proportions of their respective average credit sales.

### Regional Results

Gross trading profit ratios for the four principal regions of Canada ranged from 8.80 per cent in Quebec to 14.42 per cent in the Prairie Provinces and British Columbia. Maritime and Ontario wholesalers each averaged gross profit ratios of 12.46 per cent and 14.06 per cent of their respective sales, higher than the Canada average of 11.79 per cent. Wholesalers in the regions where the gross profit ratio was higher than the Canada average reported greater than average operating expense ratios. Que-

bec wholesalers showed the lowest operating expense ratio in addition to the lowest gross profit ratio. However, comparison of the net operating profit ratios ranked the Maritime wholesalers in the highest position with 1.51 per cent, Ontario wholesalers with 1.01 per cent and the Quebec and Prairie and British Columbia wholesalers in the lowest position with 0.40 per cent and 0.39 per cent respectively.

TABLE 7. Operating Results of Fruit and Vegetable Wholesalers, by Regions, 1953

Item	Maritimes	Quebec	Ontario	Prairie Provinces and B.C.	Canada
Number of firms .....	12	28	30	12	82
Average sales per firm .....	\$ 845,917	947,445	855,256	1,249,476	943,059
(Per cent of net sales)					
<b>Gross profit .....</b>	<b>14.06</b>	<b>8.80</b>	<b>12.46</b>	<b>14.42</b>	<b>11.79</b>
Operating expenses:					
Selling .....	2.86	1.47	2.11	2.80	2.12
Warehouse and delivery .....	4.91	3.51	5.09	6.87	4.87
Administrative and general .....	4.78	3.42	4.25	4.36	4.06
<b>Total operating expenses .....</b>	<b>12.55</b>	<b>8.40</b>	<b>11.45</b>	<b>14.03</b>	<b>11.05</b>
<b>Net operating profit .....</b>	<b>1.51</b>	<b>0.40</b>	<b>1.01</b>	<b>0.39</b>	<b>0.74</b>

## Range Figures

The range figures, introduced in 1949, indicate to what extent the average is typical for each sales-size category. This allows an individual wholesaler to assess the operations of his business with the average more accurately. That is, if the ratios of a specific item for a group of wholesalers vary con-

siderably, the range figures indicate the wide spread necessary to contain the middle 50% of the firms; conversely, if the ratios tend to be clustered, the range figures would indicate the middle 50% of the firms grouped closely about the average.

TABLE 8. Average and Middle Range Ratios of Fruit and Vegetable Wholesalers, 1953

Item	Firms with 1953 sales of						Total all sizes	
	Under \$500,000		\$500,000 to \$999,999		\$1,000,000 and over			
	Average	Middle Range	Average	Middle Range	Average	Middle Range	Average	Middle Range
(Per cent of net sales)								
Gross profit .....	13.5	10.8-16.5	11.5	8.6-16.1	11.6	8.4-16.9	11.8	8.9-16.2
Selling expense .....	2.4	1.4- 3.6	1.8	1.1- 2.3	2.2	1.4- 2.9	2.1	1.3- 2.9
Warehouse and delivery expense ....	4.8	2.8- 6.9	4.7	2.8- 6.1	5.0	2.9- 6.6	4.9	2.9- 6.2
Administrative and general expense	5.5	3.6- 8.4	4.3	3.4- 4.9	3.7	2.7- 5.0	4.1	3.3- 5.7
Net operating profit .....	0.8	1.5 <sup>1</sup> - 1.6	0.7	0.3 <sup>1</sup> - 1.6	0.7	0.1 <sup>1</sup> - 2.6	0.7	0.3 <sup>1</sup> - 1.6

1. Operating loss.

## Incorporated Companies 1953

Comparison of the profit and expense ratios of incorporated firms, with all firms, indicated that the differences in the ratios were negligible. Net profit before income tax, expressed as a proportion of net

sales, was 0.70 per cent and 0.86 per cent for "incorporated" and "all firms" respectively. Income tax reduced the incorporated firms ratio to 0.46 per cent, a decrease of 34 per cent.

TABLE 9. Operating Results of Incorporated Fruit and Vegetable Wholesalers, 1953, by Size of Firm

Item	Firms with 1953 sales of			Total all sizes
	Under \$500,000	\$500,000 to \$999,999	\$1,000,000 and over	
(Per cent of net sales)				
Gross profit .....	14.07	12.47	11.38	11.76
Operating expenses .....	12.87	11.99	10.84	11.19
Net operating profit .....	1.20	0.48	0.54	0.57
Non-trading income .....	0.14	0.26	0.20	0.21
Non-trading expense .....	0.11	0.19	0.05	0.08
Net profit before income tax deduction .....	1.23	0.55	0.69	0.70
Income tax .....	0.56	0.11	0.24	0.24
Final net profit .....	0.67	0.44	0.45	0.46

**Comparison of 1951 and 1953 Identical Firm Results**

The following table serves as confirmation that the trends and conclusions deduced from comparing average data of all responding firms apply as had identical firm data been used.

**TABLE 10. Operating Results of Fruit and Vegetable Wholesalers, 1951 and 1953 Compared**

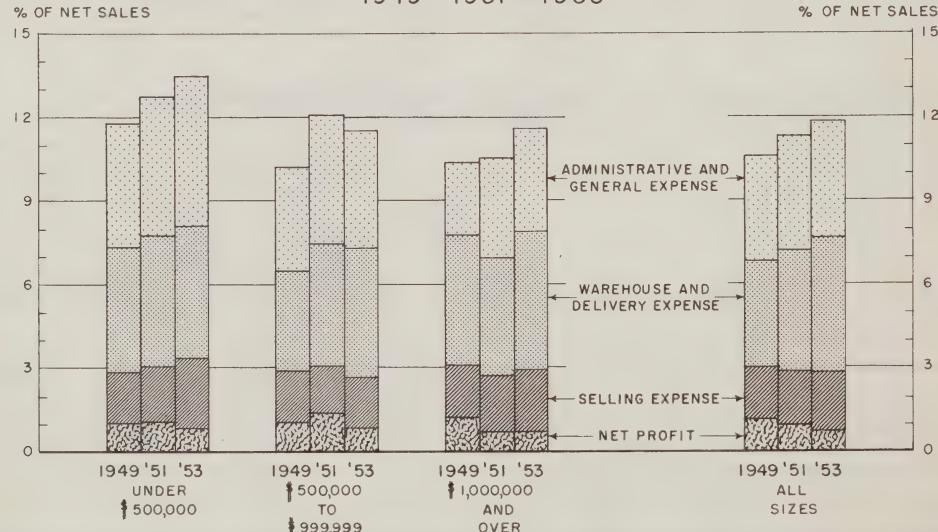
Item	All respondents		Identical firms	
	1951	1953	1951	1953
Number of firms .....	86	82	74	74
Average net sales per firm .....	\$ 850,808	943,059	900,276	969,964
<b>Gross profit</b> .....	<b>11.27</b>	<b>11.79</b>	<b>11.36</b>	<b>11.86</b>
Operating expenses:				
Selling .....	1.90	2.12	1.88	2.16
Warehouse and delivery .....	4.35	4.87	4.39	4.86
Administrative and general .....	4.08	4.06	4.07	4.10
<b>Total operating expenses</b> .....	<b>10.33</b>	<b>11.05</b>	<b>10.34</b>	<b>11.12</b>
<b>Net operating profit</b> .....	<b>0.94</b>	<b>0.74</b>	<b>1.02</b>	<b>0.74</b>

CHART - 2

### OPERATING RESULTS FRUIT AND VEGETABLE WHOLESALERS

GROSS PROFIT = NET PROFIT + SELLING + WAREHOUSE AND DELIVERY + ADMINISTRATIVE EXPENSES

1949 - 1951 - 1953



# TOBACCO AND CONFECTIONERY WHOLESALERS

## Description of Reporting Firms

Item	Firms with 1953 sales of			Total all sizes
	Under \$500,000	\$500,000 to \$999,999	\$1,000,000 and over	
Number of firms .....	21	60	53	134
Form of organization:				
Individual proprietorship .....	2	17	7	26
Partnership .....	11	15	6	32
Incorporated company .....	8	28	40	76
Number of firms operated as:				
Single establishment .....	21	56	46	123
Multiple establishment .....	-	4	7	11
Distribution of sales:				
To retailers ..... %	97.51	98.69	98.38	98.43
To other wholesalers and large users ..... %	1.00	1.13	1.30	1.24
To others ..... %	1.49	0.18	0.32	0.33

Of the 134 reporting firms, 76 were incorporated companies, 32 were partnerships, and the remaining 26 were individual proprietorships. A very large proportion (123) of these firms noted that they oper-

ated only one establishment. Sales to retail stores accounted for 98 per cent of total sales, the remaining sales were made almost entirely to other wholesalers and large users, such as institutions.

## REVIEW OF 1953 OPERATING RESULTS

### Profit and Expense Ratios

Profit and expense ratios represent portions of the average net sales' dollar. Because average profit and expense figures per firm are expressed as percentages of average net sales per firm, it is necessary to take into account the rate of change of these average net sales when comparing ratios applicable to different surveys. When comparing 1953 results with 1951, a period of increasing prices, the increase of average net sales per firm has a decreasing effect on profit and expense ratios. If a decrease occurs in the profit or expense ratios, it does not necessarily mean the amount of profit or expense is less; but does mean the average profit or expense did not increase at as great a rate as average net sales. That is, if net sales increased 10% from \$1,000,000 in 1951 to \$1,100,000 in 1953, and rent showed a proportionate increase from \$5,000 to \$5,500, the rent expense ratios for the two years would be identical. However, if rent remained unchanged, or increased less than 10%, the rent expense ratio would show a decrease. To interpret a change in ratios between two years correctly, it is therefore necessary to note changes in net sales. During this phase of analysis, the utmost caution should be taken to avoid interpreting the average net sales per firm as typical of an establishment. Averages are shown only to indicate central tendency in sales-size ranges as a guide to individual wholesalers wishing to compare their re-

sults. Ratios reduce the effect of multiple establishment firms and may be used with a high degree of accuracy as typical of the trade. The effects of normal sales variations and changes in price levels also tend to be eliminated when results are expressed as ratios. Therefore, ratios of two surveys may be compared, but the rate of change of average net sales per firm should be noted.

Tobacco and confectionery wholesale merchants obtained an average gross profit of 7.63 per cent of average net sales for their 1953 operations, only slightly greater than the 1951 ratio of 7.55 per cent. The three major expense groups, selling, warehouse and delivery, and administrative and general, amounted to 2.16 per cent, 1.69 per cent and 2.68 per cent respectively, when expressed as proportions of net sales. Comparison of the sales-size category results showed the gross profit ratio ranged from 7.44 per cent in the middle group to 7.70 per cent in the largest and smallest size-groups respectively. Total operating expenses showed the same interrelationship and ranged from 6.40 per cent for firms in the mid-range to 6.54 per cent and 7.06 per cent for firms in the largest and smallest sales-size ranges respectively. The ratios of net operating profit before income tax however, increased directly with sales-size and ranged from 0.92 per cent to 1.20 per cent and 1.36 per cent for the three groups.

**TABLE 11. Operating Results of Tobacco and Confectionery Wholesalers, 1953,  
by Size of Firm**

Item	Firms with 1953 sales of			Total all sizes
	Under \$500,000	\$500,000 to \$999,999	\$1,000,000 and over	
Number of firms reporting.....	21	60	53	134
Average net sales per firm..... \$	370,808	735,543	2,163,198	1,243,053
Average cost of goods sold..... \$	342,215	680,823	1,996,563	1,148,162
Stock turnover (times per year).....	15.19	16.03	17.80	17.16
Average beginning inventory..... \$	22,180	41,295	105,975	63,882
Per cent of average net sales.....	5.98	5.61	4.90	5.14
Average ending inventory..... \$	22,868	43,654	118,297	69,919
Per cent of average net sales.....	6.17	5.93	5.47	5.62
<b>PROFIT AND LOSS DATA</b> (Per cent of net sales)				
<b>Gross profit.....</b>	<b>7.71</b>	<b>7.44</b>	<b>7.70</b>	<b>7.63</b>
Operating expenses:				
Selling expense:				
Salaries.....	1.47	1.55	1.68	1.64
Travelling.....	0.22	0.28	0.44	0.39
Advertising.....	0.10	0.06	0.07	0.07
Other selling expense.....	0.11	0.06	0.06	0.06
<b>Total selling expense.....</b>	<b>1.90</b>	<b>1.95</b>	<b>2.25</b>	<b>2.16</b>
Warehouse and delivery expense:				
Salaries and wages.....	1.30	1.01	1.11	1.08
Maintenance of delivery equipment.....	0.77	0.55	0.40	0.46
Outward freight.....	0.07	0.06	0.07	0.07
Warehouse supplies.....	0.05	0.03	0.04	0.04
Other warehouse and delivery expense.....	0.05	0.03	0.04	0.04
<b>Total warehouse and delivery expense.....</b>	<b>2.24</b>	<b>1.68</b>	<b>1.66</b>	<b>1.69</b>
Administrative and general expense:				
Salaries.....	1.48	1.48	1.42	1.44
Employees' benefits.....	0.03	0.07	0.08	0.08
Occupancy.....	0.42	0.37	0.33	0.34
Light, heat and power.....	0.07	0.07	0.04	0.05
Taxes <sup>1</sup> .....	0.07	0.06	0.04	0.04
Insurance.....	0.09	0.10	0.08	0.08
Office supplies.....	0.08	0.08	0.09	0.09
Communication.....	0.08	0.07	0.07	0.07
Bad debts - amount written off.....	0.28	0.16	0.18	0.18
All other expense.....	0.32	0.31	0.30	0.31
<b>Total administrative and general expense.....</b>	<b>2.92</b>	<b>2.77</b>	<b>2.63</b>	<b>2.68</b>
<b>Total operating expenses.....</b>	<b>7.06</b>	<b>6.40</b>	<b>6.54</b>	<b>6.53</b>
Net operating profit.....	0.65	1.04	1.16	1.10
Non-trading income.....	0.32	0.21	0.26	0.25
Non-trading expense.....	0.05	0.05	0.06	0.06
<b>Net profit before income tax deduction.....</b>	<b>0.92</b>	<b>1.20</b>	<b>1.36</b>	<b>1.29</b>
<b>MISCELLANEOUS DATA</b>				
Credit sales:				
Average per firm..... \$	273,879	562,690	1,711,738	972,440
Per cent of average net sales.....	73.86	76.50	79.13	78.23
Accounts outstanding:				
Average per firm..... \$	22,431	48,729	121,533	73,322
Per cent of average credit sales.....	8.19	8.66	7.10	7.54
Sales per 1,000 sq. ft. of floor space..... \$	139,219	199,581	275,297	241,063

1. Excludes amount attributed to real estate which is in occupancy expense.

### Inventories and Stock Turnover

Average inventories, expressed as ratios of average net sales of responding firms, increased from 5.14 per cent at the beginning of the year to 5.62 per cent at the end of the year. This is significant as a reverse in trend from the 1951 ratios which declined from 5.50 per cent to 5.22 per cent. Because the average inventory ratios remained at approximately

the same level in 1953 as in 1951, the average inventory value increased at approximately the same rate as net sales for the respective years. The rate of stock turnover — average of beginning and ending inventories divided into cost of goods sold — was 17.16 times per year, a slight decrease from the 1951 rate of 17.24.

### Credit Sales and Receivables

Average credit sales, expressed as a proportion of average net sales, increased from 77.76 per cent to 78.23 per cent for 1951 and 1953 respectively. Within the sales-size ranges, the smaller firms showed an increase, the larger firms a slight decline and the mid-size firms' ratio of credit sales remained

at almost the same level. Average accounts outstanding at the year end, amounted to 7.54 per cent of average annual credit sales, and were slightly below the 1951 proportions. Only the middle-sized firms reported an increase in this ratio when 1953 and 1951 results were compared.

### Regional Results

The gross profit ratios of firms operating in the five major regions of Canada ranged from 7.28 per cent in British Columbia to 7.95 per cent in the Prairie Provinces. Quebec wholesale merchants averaged 7.38 per cent and those in the Maritimes and Ontario averaged 7.47 per cent and 7.70 per cent respectively. The range of total operating expense ratios was much smaller and there was no direct relationship to the gross profit order of rank. British Columbia which showed the lowest gross profit ratio

showed the highest operating expense ratio of 6.74 per cent of net sales. The lowest expense ratio of 6.43 per cent occurred in Ontario which showed the second highest gross profit ratio. Consequently Prairie wholesalers averaged the highest net operating profit ratio of 1.29 per cent whereas the lowest amounting to 0.54 per cent occurred in British Columbia. Ontario was next to the highest with 1.27 per cent, followed by Quebec and the Maritimes with 0.79 per cent and 0.74 per cent respectively.

**ERRATUM - Average net sales per firm of Maritime Wholesalers should read \$698,943**

TABLE 12. Operating Results of Tobacco and Confectionery Wholesalers, by Regions, 1953

Item	Maritimes	Quebec	Ontario	Prairie Provinces	British Columbia	Canada
Number of firms .....	6	33	66	20	9	134
Average net sales per firm .....	\$ 6,989,433	1,128,752	1,349,025	1,240,645	1,253,125	1,243,053
(Per cent of net sales)						
Gross profit .....	7.47	7.38	7.70	7.95	7.28	7.63
Operating expenses:						
Selling .....	1.96	2.25	2.06	2.30	2.34	2.16
Warehouse and delivery .....	2.15	1.79	1.71	1.36	1.80	1.69
Administrative and general .....	2.62	2.55	2.66	3.00	2.60	2.68
Total operating expenses .....	6.73	6.59	6.43	6.66	6.74	6.53
Net operating profit .....	0.74	0.79	1.27	1.29	0.54	1.10

## Range Figures

The range figures, introduced in 1949, indicate to what extent the average is typical for each sales size category. This allows an individual wholesaler to assess the operations of his business with the average more accurately. That is, if the ratios of a specific item for a group of wholesalers vary con-

siderably, the range figures indicate the wide spread necessary to contain the middle 50% of the firms; conversely, if the ratios tend to be clustered, the range figures would indicate the middle 50% of the firms grouped closely about the average.

TABLE 13. Average and Middle Range Ratios of Tobacco and Confectionery Wholesalers, 1953

Item	Firms with 1953 sales of						Total all sizes	
	Under \$500,000		\$500,000 to \$999,999		\$1,000,000 and over			
	Average	Middle range	Average	Middle range	Average	Middle range	Average	Middle range
(Per cent of net sales)								
Gross profit .....	7.7	7.0-8.0	7.4	6.5-8.3	7.7	6.5-8.3	7.6	6.6-8.3
Selling expense .....	1.9	1.1-2.3	2.0	1.4-2.6	2.2	1.6-2.7	2.2	1.5-2.6
Warehouse and delivery expense .....	2.2	1.5-2.6	1.7	1.1-2.2	1.7	1.3-1.9	1.7	1.3-2.2
Administrative and general expense..	2.9	1.9-3.6	2.7	2.1-3.3	2.6	2.1-3.0	2.6	2.1-3.3
Net operating profit .....	0.7	0.7 <sup>1</sup> -1.7	1.0	0.3-1.5	1.2	0.4-1.7	1.1	0.3-1.7

1. Operating loss.

## Incorporated Companies 1953

Comparison of the profit and expense ratios of the incorporated companies with all firms indicated that the differences in ratios were negligible. Net profit before income tax, expressed as a percentage

of net sales, was 1.14 per cent and 1.29 per cent for "incorporated" and "all firms" respectively. Income tax reduced the incorporated firms' ratio to 0.68 per cent a decrease of 40 per cent.

TABLE 14. Operating Results of Incorporated Tobacco and Confectionery Wholesalers, 1953, by Size of Firm

Item	Firms with 1953 sales of			Total all sizes	
	Under \$500,000	\$500,000 to \$999,999	\$1,000,000 and over		
(Per cent of net sales)					
Gross profit .....	7.76	7.77	7.76	7.76	7.76
Operating expenses .....	7.47	7.01	6.75	6.81	
Net operating profit .....	0.29	0.76	1.01	0.95	
Non-trading income .....	0.47	0.16	0.28	0.26	
Non-trading expense .....	0.08	0.06	0.07	0.07	
Net profit before income tax deduction .....	0.68	0.86	1.22	1.14	
Income tax .....	0.14	0.21	0.53	0.46	
Final net profit .....	0.54	0.65	0.69	0.68	

## Comparison of 1951 and 1953 Identical Firm Results

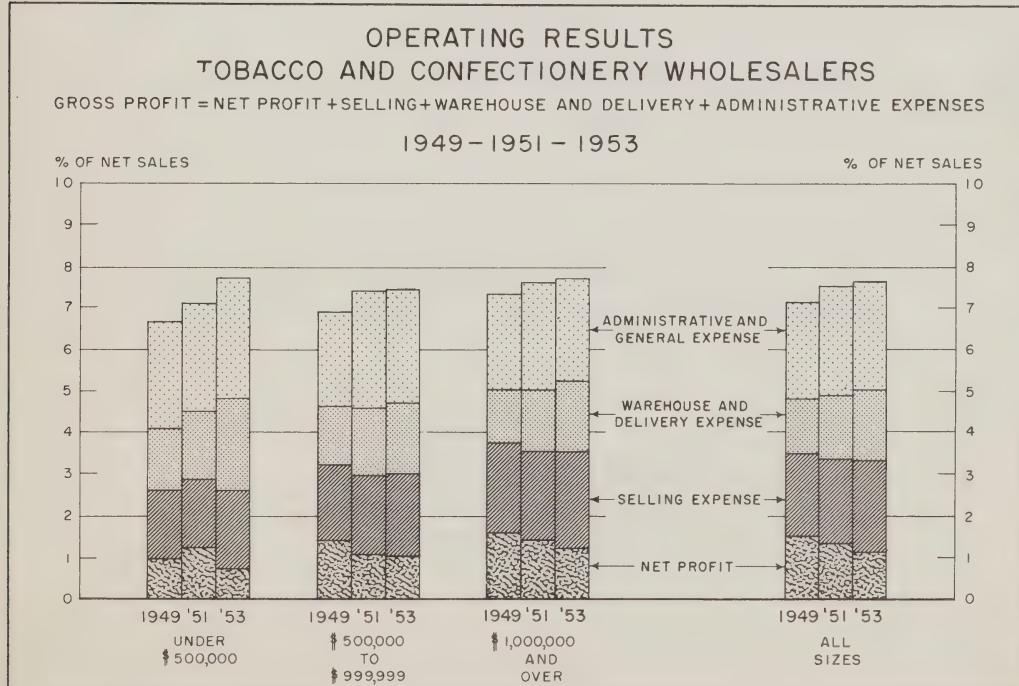
The following table serves as confirmation that the trends and conclusions deduced from comparing

average data of all responding firms apply as had identical firm data been used.

TABLE 15. Operating Results of Tobacco and Confectionery Wholesalers, 1951 and 1953 Compared

Item	All respondents		Identical firms	
	1951	1953	1951	1953
Number of firms .....	128	134	112	112
Average net sales per firm .....	\$ 1,089,765	\$ 1,243,053	\$ 1,112,349	\$ 1,118,208
<b>Gross profit</b> .....	<b>7.55</b>	<b>7.63</b>	<b>7.64</b>	<b>8.52</b>
Operating expenses:				
Selling .....	2.05	2.16	2.03	2.30
Warehouse and delivery .....	1.53	1.69	1.51	1.88
Administrative and general .....	2.66	2.68	2.60	2.95
<b>Total operating expenses</b> .....	<b>6.24</b>	<b>6.53</b>	<b>6.14</b>	<b>7.13</b>
<b>Net operating profit</b> .....	<b>1.31</b>	<b>1.10</b>	<b>1.50</b>	<b>1.39</b>

CHART - 3







CANADA

63-419

# OPERATING RESULTS OF FOOD WHOLESALERS

1955



*Published by Authority of*  
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## NOTICE

The annual reports prepared by the Industry and Merchandising Division of the Bureau of Statistics are divided into 3 volumes, as follows: **Volume I** — The Primary Industries, including mining, forestry and fisheries; **Volume II** — Manufacturing; **Volume III** — Merchandising and Services.

Volume III consists of the following parts with individual trade reports listed under each:

### Part I — Wholesale Statistics

- A — Wholesale Trade, 25¢
- B — Operating Results of Food Wholesalers, 25¢
- C — Operating Results of Dry Goods, Piece Goods and Footwear Wholesalers, 25¢
- D — 1 Operating Results of Automotive Parts and Accessories Wholesalers, 25¢
  - 2 Operating Results of Drug Wholesalers, 25¢
  - 3 Operating Results of Hardware Wholesalers, 25¢
  - 4 Operating Results of Plumbing and Heating Supply Wholesalers, 25¢
  - 5 Operating Results of Household Appliance & Electrical Supply Wholesalers, 25¢

### Part II — Retail Statistics

- E — General Review — (Discontinued)
- F — Retail Trade, 50¢
- G — Retail Chain Stores, 50¢
- H — Operating Results of Food Store Chains, 25¢
- I — Operating Results of Clothing Store Chains, 25¢
- J — 1 Operating Results of Variety Store Chains, 25¢
  - 2 Operating Results of Drug Stores Chains, 25¢
  - 3 Operating Results of Furniture Store Chains, 25¢
- \*K — Operating Results of Independent Food Stores, 25¢
- \*L — Operating Results of Independent Clothing Stores, 25¢
- \*M — Operating Results of Independent Hardware, Furniture, Appliance, Radio and Television Stores, 25¢
- \*N — Operating Results of Filling Stations and Garages, 25¢
- \*O — 1 Operating Results of Independent General Stores, 25¢
  - 2 Operating Results of Independent Restaurants, 25¢
  - 3 Operating Results of Independent Fuel Dealers, 25¢
  - 4 Operating Results of Independent Drug Stores, 25¢
  - 5 Operating Results of Independent Jewellery Stores, 25¢
  - 6 Operating Results of Independent Tobacco Stores, 25¢
- P — Retail Credit, 25¢

### Part III — Services and Special Fields

- Q — Laundries, Cleaners and Dyers, 25¢
- R — Motion Picture Theatres, Exhibitors and Distributors, 25¢
- S — Hotels, 25¢
- T — Sales Financing, 25¢
- U — Farm Implement and Equipment Sales, 25¢
- V — New Motor Vehicle Sales and Motor Vehicle Financing, 25¢
- W — Advertising Agencies (Memorandum), 10¢
- X — Motion Picture Production (Memorandum), 10¢

The reports are punched to permit of filing in a ring binder.

\* Biennial reports — not issued for 1955.

"V"

(For Printer's Use Only)

1955

# OPERATING RESULTS OF FOOD WHOLESALERS 1955

## INTRODUCTION

The following explanatory notes describe certain features of the operating results series contained in this report.

### Scope

This study is confined to wholesale merchants, i.e., those wholesalers performing the full selling, warehousing and delivery functions. Agents, brokers, drop shippers and other specialized types of wholesale distributors are not included. Three separate trades are covered — grocery, fruit and vegetable and tobacco and confectionery wholesalers.

### Content.

Most emphasis has been placed on the presentation of profit and loss statistics. Average gross and net profits and detailed operating expenses are shown for the most suitable sales-size classes. Operating expenses appear separately for selling, warehouse and delivery, and administrative and general departments. The customary profit and loss details are supplemented by information on other related operating features including inventories, rate of stock turnover, credit sales and receivables, and floor space used. Wherever possible, a table showing regional figures has been prepared although reports from Newfoundland wholesalers are not included. Proprietors' salaries were included with administrative salaries. A table showing income tax was made for incorporated companies only.

### Purpose

The primary purpose of the operating results surveys is to provide averages on the different phases of business operations against which firms in the same trade may make direct comparisons with their own operating results. They also provide useful information to others interested in the cost of distribution of consumer goods.

The average — i.e., arithmetic mean — operating results of all wholesalers classified under "Wholesalers Proper" would be, however, misleading as, by definition, "Wholesalers Proper" includes subsidiary companies performing the wholesaling function of parent companies whose marketing policies with regard to profit and expense ratios may be atypical of the trade. In addition, "Wholesalers Proper" includes those firms whose revenues are derived in part from a type of activity — e.g., manufacturing, retailing — which may be uncommon to the trade. Consequently, it is thought that average operating results of the more typical establishments within a trade would be of superior value in view of the purposes for which the series on operating results is designed. Firms with atypical policies and/or activities have, therefore, been excluded from the computations of the average operating results published herein.

### Period Covered

This report deals largely with 1955 operations and is the fifth biennial publication in a series begun in 1947. Certain summary tables show identical firm results for 1953 and 1955. The charts show the gross profit components for 1949, 1951, 1953 and 1955 by suitable sales-size classification for each trade.



## SUMMARY OF 1955 RESULTS BY TRADES

The following summary table shows the principal operating results figures for three components of the food wholesale business. In analyzing the performance of an individual food wholesale company, reference should be made to the detailed tables in

the appropriate sections of this bulletin. In these sections (grocery, fruit and vegetable, and tobacco and confectionery) operating results figures for typical sales-size classifications and geographic locations are revealed.

### Operating Results of Grocery, Fruit and Vegetable, and Tobacco and Confectionery Wholesalers Compared, 1955

Item	Grocery	Fruit and vegetable	Tobacco and confectionery
Number of firms .....	108	78	132
Average net sales per firm .....	\$ 3,708,416	1,094,466	1,236,942
Stock turnover (times per year) .....	11.45	38.78	16.33
(Per cent of net sales)			
<b>Gross profit</b> .....	<b>7.20</b>	<b>11.50</b>	<b>7.33</b>
Operating expenses:			
Selling .....	1.37	1.96	2.18
Warehouse and delivery .....	2.25	4.92	1.79
Administrative and general .....	3.20	3.99	2.78
<b>Total operating expenses</b> .....	<b>6.82</b>	<b>10.87</b>	<b>6.75</b>
<b>Net operating profit</b> .....	<b>0.38</b>	<b>0.63</b>	<b>0.58</b>
Non-trading income .....	0.68	0.13	0.21
Non-trading expense .....	0.12	0.06	0.07
<b>Net profit before income tax deduction</b> .....	<b>0.94</b>	<b>0.70</b>	<b>0.72</b>
Credit sales .....	84.16	79.64	77.72
Sales to retail stores .....	91.33	72.49	97.95

Caution should be observed to avoid comparing absolute dollar values (average sales, cost of goods etc.) published in this report, with corresponding items of individual establishments or firms. These values are averages of items reported by both single and multiple establishment firms and are "firm" averages, not "establishment" averages. Consequently, a concentration of multiple establishment firms in a specific trade will result in an abnormal average for that trade. Ratios, however, may be used with a high degree of reliability when applied to either an establishment or a firm. The survey was designed primarily to obtain operating ratios to which single and multiple establishment firms might compare their operating results. Absolute values are shown only for the purpose of assisting the wholesaler to place his firm in relation to the average in the appropriate sales-size category.

Operating ratios were generally higher for fruit and vegetable wholesalers than for the other two food trades shown here. This is to be expected because of the perishable nature of the goods, which entail faster turnover, more handling, more frequent

delivery, spoilage etc. To cover higher operating expenses, fruit and vegetable wholesalers operated on an average gross profit of 11.50 per cent of net sales in 1955 compared to approximately a 7 per cent margin for grocery and tobacco and confectionery wholesalers. Total expenses of 10.87 per cent for the fruit and vegetable trade reflect a high warehouse and delivery cost of 4.92 per cent when compared with the other trades. The rate of stock turnover, as expected, was almost three times as fast as for the more non-perishable commodities handled by grocery and tobacco and confectionery wholesalers.

The net operating profit ratio was highest for fruit and vegetable wholesalers, but other income less other expense netted a final profit before income tax of 0.94 per cent for grocery wholesalers, 0.72 per cent for tobacco and confectionery and 0.70 per cent for fruit and vegetable wholesalers. Due to the presence of large multiple organizations the average net sales of grocery wholesalers were greater than the other two trades. The purpose of showing this item is mentioned in a preceding paragraph.

## GROCERY WHOLESALERS

## Description of Reporting Firms

Item	Firms with 1955 sales of				Total all sizes
	Under \$1,000,000	\$1,000,000 to \$4,999,999	\$5,000,000 to \$9,999,999	\$10,000,000 and over	
Number of firms .....	34	61	6	7	108
Form of organization:					
Individual proprietorship .....	8	1	—	—	9
Partnership .....	5	5	—	—	10
Incorporated company .....	21	55	6	7	89
Number of firms operated as:					
Single establishment .....	34	51	3	2	90
Multiple establishment .....	—	10	3	5	18
Distribution of sales:					
To retailers .....	85.65	87.98	92.04	94.10	91.33
To wholesalers .....	% 5.63	3.03	—	0.28	1.48
To large users <sup>1</sup> .....	% 7.67	8.89	7.96	5.62	7.10
To others .....	% 1.05	0.10	—	—	0.09

## 1. Industries, hospitals, institutions, etc.

Of the 108 firms reporting, 89 were incorporated and the remaining 19 were comprised of 9 individual proprietorships and 10 partnerships. Eighteen of the reporting firms operated more than one establish-

ment. Sales to retail stores made up 91 per cent of total sales. Of the remaining sales, wholesalers and large users, accounted for almost nine per cent.

## REVIEW OF 1955 OPERATING RESULTS

## Profit and Expense Ratios

The average gross profit ratio for grocery wholesalers was 7.20 per cent in 1955, ratios for sales-sizes declining as sales increased. The range for the sales-size groups was from 6.77 per cent for the "\$10,000,000 and over" group to 7.92 per cent for the "Under \$1,000,000" category. The smallest ratio for total operating expenses of 6.58 per cent, was in the sales-size "\$10,000,000 and over" and the highest ratio of 7.66 per cent in the "Under \$1,000,000" category, the same trend of smaller ratios in the larger businesses as held for gross profit. The "\$10,000,000 and over" group had the lowest net operating profit at 0.19 per cent followed closely by the "Under \$1,000,000" category ratio of 0.26 per cent. The middle size groups showed the group "\$1,000,000 to \$4,999,999" with the highest ratio of 0.64 per cent and the "\$5,000,000 to \$9,999,999" group with 0.51 per cent. The non-trading operations in each case increased the net operating ratios to a new range of 0.47 per cent for the smallest sales-size to 1.12 per cent for the largest group. The "total all sizes" ratio increased from a net operating profit of 0.38 per cent to a net operating profit before income tax of 0.94 per cent.

## Inventories and Stock Turnover

Average inventories, expressed as ratios of the average net sales of responding firms, increased from 8.01 per cent at the beginning of the year to 8.20 per cent at the end of the year. This was a continuation of the pattern of the 1953 ratios which increased from 8.75 per cent to 8.95 per cent. The rate of stock turnover — average of beginning and year end inventories divided into the cost of goods sold — averaged 11.45 for all grocery wholesalers, continuing the normal increase each year in direct contrast to the yearly decrease of the inventory rates to sales.

## Credit Sales and Receivables

Credit sales of wholesale merchants accounted for 84.16 per cent of their net sales in 1955, slightly higher than the 1953 rate of 85.51 per cent. The highest ratio of 86.65 per cent was in the "\$5,000,000 to \$9,999,999" sales-size and the smallest per cent of 79.81 in the "Under \$1,000,000" category, accounts receivable at the year end were 5.48 per cent of credit sales for all grocery wholesalers and ranged inversely with sales-size from 4.31 per cent to 7.11 per cent.

OPERATING RESULTS OF GROCERY WHOLESALERS  
BY SIZE OF FIRM

GROSS PROFIT = NET PROFIT + SELLING + WAREHOUSE AND DELIVERY + ADMINISTRATIVE EXPENSES

1949 - '51 - '53 - '55

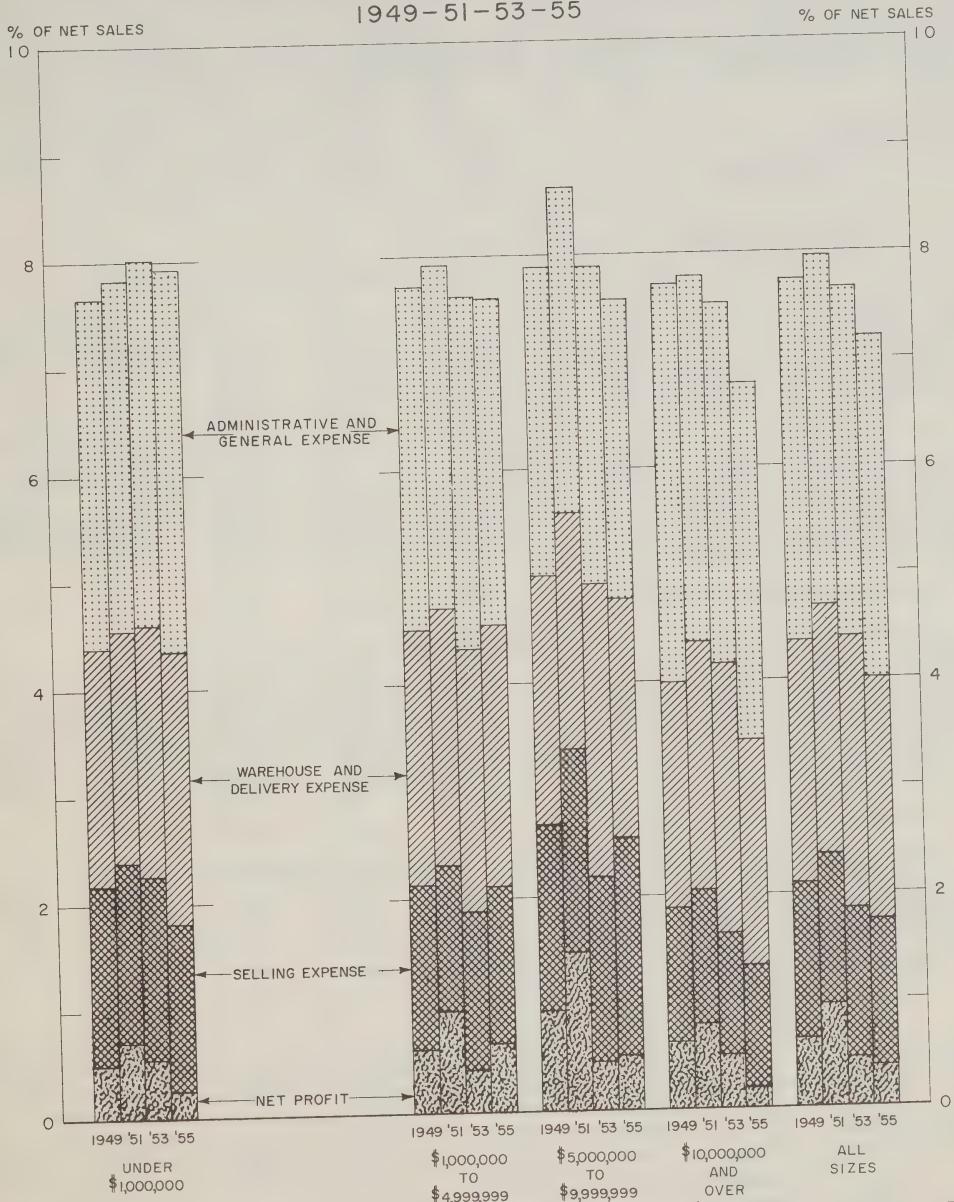


TABLE 1. Operating Results of Grocery Wholesalers, 1955, by Size of Firm

Item	Firms with 1955 sales of				Total all sizes
	Under \$1,000,000	\$1,000,000 to \$4,999,999	\$5,000,000 to \$9,999,999	\$10,000,000 and over	
Number of firms reporting.....	34	61	6	7	108
Average net sales per firm..... \$	604,349	2,272,817	6,958,858	28,509,444	3,708,416
Average cost of goods sold..... \$	556,480	2,100,049	6,432,092	26,578,133	3,441,322
Stock turnover (times per year).....	8.50	9.62	10.67	13.99	11.45
Average beginning inventory..... \$	67,388	216,538	581,367	1,869,091	296,961
Per cent of average net sales.....	11.15	9.53	8.35	6.56	8.01
Average ending inventory..... \$	63,502	220,060	624,598	1,929,358	304,035
Per cent of average net sales.....	10.51	9.68	8.98	6.77	8.20
<b>PROFIT AND LOSS DATA</b> (Per cent of net sales)					
Gross profit .....	<b>7.92</b>	<b>7.60</b>	<b>7.57</b>	<b>6.77</b>	<b>7.20</b>
Operating expenses:					
Selling expense:					
Salaries .....	1.12	0.98	1.20	0.68	0.86
Travelling .....	0.30	0.33	0.29	0.24	0.28
Advertising .....	0.06	0.07	0.26	0.11	0.11
Other selling expense .....	0.07	0.09	0.28	0.11	0.12
<b>Total selling expense</b> .....	<b>1.35</b>	<b>1.47</b>	<b>2.03</b>	<b>1.14</b>	<b>1.37</b>
Warehouse and delivery expense:					
Salaries and wages .....	1.59	1.68	1.71	1.42	1.55
Maintenance of delivery equipment .....	0.69	0.54	0.30	0.20	0.35
Outward freight .....	0.13	0.10	0.05	0.35	0.22
Warehouse supplies .....	0.05	0.05	0.04	0.07	0.06
Other warehouse and delivery expense .....	0.05	0.07	0.13	0.06	0.07
<b>Total warehouse and delivery expense</b> .....	<b>2.51</b>	<b>2.44</b>	<b>2.23</b>	<b>2.10</b>	<b>2.25</b>
Administrative and general expense:					
Salaries .....	1.97	1.54	1.57	1.58	1.58
Employees' benefits .....	0.10	0.10	0.08	0.19	0.14
Occupancy .....	0.65	0.56	0.54	0.70	0.63
Taxes <sup>1</sup> .....	0.08	0.05	0.03	0.03	0.04
Insurance .....	0.15	0.11	0.05	0.04	0.07
Office supplies .....	0.09	0.10	0.10	0.11	0.11
Communication .....	0.10	0.11	0.11	0.13	0.12
Bad debts—amount written off .....	0.14	0.13	0.09	0.05	0.09
All other expense .....	0.32	0.35	0.23	0.51	0.42
<b>Total administrative and general expense</b> .....	<b>3.60</b>	<b>3.05</b>	<b>2.80</b>	<b>3.34</b>	<b>3.20</b>
<b>Total operating expenses</b> .....	<b>7.66</b>	<b>6.96</b>	<b>7.06</b>	<b>6.58</b>	<b>6.82</b>
Net operating profit .....	0.26	0.64	0.51	0.19	0.38
Non-trading income .....	0.30	0.33	0.44	1.02	0.68
Non-trading expense .....	0.09	0.14	0.29	0.09	0.12
<b>Net profit before income tax deduction</b> .....	<b>0.47</b>	<b>0.83</b>	<b>0.66</b>	<b>1.12</b>	<b>0.94</b>
<b>MISCELLANEOUS DATA</b>					
Credit sales:					
Average per firm .....	\$ 482,328	1,896,619	6,029,550	24,114,469	3,121,033
Per cent of average net sales .....	79.81	83.45	86.65	84.58	84.16
Accounts outstanding:					
Average per firm .....	\$ 34,275	129,120	360,664	1,039,106	171,106
Per cent of average credit sales .....	7.11	6.81	5.98	4.31	5.48
Sales per 1,000 sq. ft. of floor space .....	\$ 49,434	82,347	107,625	132,905	100,408

1. Excludes amount attributed to real estate which is in occupancy expense.

## Regional Results

Gross profit ratios or mark-ups of grocery wholesalers in the four selected regions of Canada did not vary too much from the Canada ratio of 7.20 per cent. Regional ratios in 1955 compared to 1953 generally were lower except for Maritimes where an increase is registered at 8.50 per cent in 1955 from 8.20 in 1953. Relatively the ratios followed the same pattern as 1953, the lowest ratio being Quebec at 5.92 per cent and Maritimes with 8.50 per cent. The range for total operating expenses showed that

the extremities fell in the same region as gross profit. Quebec had 5.72 per cent and Maritimes 7.56. The composite ratio for Canada was 6.82 per cent. Maritimes wholesalers had the highest net operating profit. Quebec wholesalers who had the lowest ratios for gross profit and total expenses managed to get the second lowest net operating profit ratio. The lowest ratio of 0.15 per cent was experienced by the Prairie Provinces and British Columbia region.

TABLE 2. Operating Results of Grocery Wholesalers by Regions, 1955

Item	Maritimes	Quebec	Ontario	Prairie Provinces and B.C.	Canada
Number of firms .....	30	31	31	16	108
Average net sales per firm .....	\$ 2,048,332	1,994,295	3,175,876	11,173,980	3,708,416
(Per cent of net sales)					
Gross profit .....	8.50	5.92	6.96	7.33	7.20
Operating expenses:					
Selling .....	1.42	1.30	1.44	1.34	1.37
Warehouse and delivery .....	2.55	1.85	2.28	2.27	2.25
Administrative and general .....	3.59	2.57	2.68	3.57	3.20
Total operating expenses .....	7.56	5.72	6.40	7.18	6.82
Net operating profit .....	0.94	0.20	0.56	0.15	0.38

## Incorporated Companies 1955

Comparison of the profit and expense ratios of the incorporated firms only, with all firms, indicated that the differences in the ratios were negligible. Net profit before income tax, expressed as a proportion of net sales, was 0.95 per cent and 0.94

per cent for "incorporated firms" and "all firms" respectively. Income tax reduced the incorporated firms' ratio to 0.60 per cent, a decrease of 36.84 per cent.

TABLE 3. Operating Results of Incorporated Grocery Wholesalers, 1955, by Size of Firm

Item	Firms with 1955 sales of				Total all sizes
	Under \$1,000,000	\$1,000,000 to \$4,999,999	\$5,000,000 to \$9,999,999	\$10,000,000 and over	
(Per cent of net sales)					
Gross profit .....	8.02	7.66	7.57	6.77	7.20
Operating expenses .....	7.70	7.01	7.06	6.58	6.82
Net operating profit .....	0.32	0.65	0.51	0.19	0.38
Non-trading income .....	0.41	0.32	0.44	1.02	0.70
Non-trading expense .....	0.10	0.15	0.29	0.09	0.13
Net profit before income tax deduction .....	0.63	0.82	0.66	1.12	0.95
Income tax .....	0.16	0.24	0.28	0.44	0.35
Final net profit .....	0.47	0.58	0.38	0.68	0.60

**Comparison of 1953 and 1955 Results**

Results shown in table 1 are not for identical firms and therefore not practical for comparison purposes. Consistency from survey to survey is practically impossible to attain with new firms added and delinquency in the reporting of others. The best available operating results for 1955 are from the compilation of the 108 firms reporting for that year. For best comparison between years, however, only the results of firms reporting for both 1953 and 1955 were used, results of which are presented in table 4.

Profit and expense ratios represent portions of the average net sales dollar. Because average profit and expense figures per firm are expressed as percentages of average net sales per firm, it is necessary to take into account the rate of change of these average net sales when comparing ratios applicable to different surveys. That is, if net sales increased 10% from \$1,000,000 in 1953 to \$1,100,000 in 1955, and rent showed a proportionate increase from \$5,000 to \$5,500, the rent expense ratios for the two years would be identical. However, if rent

remained unchanged, or increased less than 10%, the rent expense ratio would show a decrease. To interpret a change in ratios between two years correctly, it is therefore necessary to note changes in net sales. Ratios reduce the effect of multiple establishment firms and may be used with a high degree of accuracy as typical of the trade. The effects of normal sales variations and changes in price levels also tend to be eliminated when results are expressed as ratios. Therefore, ratios of two surveys may be compared, but the rate of change of average net sales per firm should be noted.

The average net sales per firm increased to \$3,789,524 in 1955 from \$3,352,506 in 1953. The gross profit ratio stood at 7.24 per cent of net sales in 1955 a decrease from 7.63 per cent in 1953. This decrease was partly compensated for by the total operating expense decrease from 7.15 per cent in the last survey to 6.89 per cent for 1955. The combined effect is summed up in the net operating profit which showed a decrease in 1955, ratios being 0.48 and 0.35 per cent for 1953 and 1955 respectively.

**TABLE 4. Operating Results of Grocery Wholesalers, 1953 and 1955 Compared**

Item	1953	1955
Number of firms .....	97	97
Average net sales per firm .....	\$ 3,352,506	3,789,524
	(percent of net sales)	
<b>Gross profit.....</b>	<b>7.63</b>	<b>7.24</b>
<b>Operating expenses:</b>		
Selling .....	1.42	1.37
Warehouse and delivery .....	2.42	2.27
Administrative and general .....	3.31	3.25
<b>Total operating expenses .....</b>	<b>7.15</b>	<b>6.89</b>
<b>Net operating profit .....</b>	<b>0.48</b>	<b>0.35</b>

## FRUIT AND VEGETABLE WHOLESALERS

### Description of Reporting Firms

Item	Firms with 1955 sales of			Total all sizes
	Under \$500,000	\$500,000 to \$999,999	\$1,000,000 and over	
Number of firms .....	27	24	27	78
Form of organization:				
Individual proprietorship .....	11	2	1	14
Partnership .....	7	8	1	16
Incorporated company .....	9	14	25	48
Number of firms operated as:				
Single establishment .....	27	23	20	70
Multiple establishment .....	—	1	7	8
Distribution of sales:				
To retailers .....	%	79.81	88.12	72.49
To wholesalers .....	%	13.19	10.86	22.57
To large users <sup>1</sup> .....	%	5.74	0.98	4.65
To others .....	%	1.26	0.04	0.29

#### 1. Industries, hospitals, institutions, etc.

Of the 78 firms reporting, 48 were incorporated and the remaining 30 were comprised of 16 partnerships and 14 single proprietorships. Only eight firms operated more than one establishment. Over

72 per cent of total sales were made to retailers, and approximately 27 per cent to other wholesalers and large users.

### REVIEW OF 1955 OPERATING RESULTS

#### Profit and Expense Ratios

Fruit and vegetable wholesalers obtained a gross profit of 11.50 per cent of average net sales in 1955. Total operating expenses almost cancelled this marginal profit with a 10.87 per cent ratio. The difference between the items above, left a ratio of 0.63 per cent as net operating profit.

Both gross profit and total expense ratios showed the same trend, decreasing as sales-sizes increased. The first ranged from 13.40 per cent for the smaller firms to 11.15 per cent for the largest sales-size class of firms; operating expenses ranged from 13.20 per cent to 10.58 per cent for the same groups. The "Under \$500,000" group had the lowest net operating ratio after displaying the highest gross profit and expense ratios. The "\$1,000,000 and over" category experienced a 0.57 profit ratio, while the medium size group benefitted the most, percentage wise, with a 1.02 per cent net operating profit. The non-trading operations did not change the relationship between sales-sizes but increased the ratios to 0.45, 1.10 and 0.61 per cent respectively for each sales size.

#### Inventories and Stock Turnover

Average inventories, expressed as a percentage of average net sales, increased from 2.21 per cent at the beginning of the year to 2.36 per cent at the

end of the year. This is significant as a reversal in trend of the 1953 ratios which decreased from 2.62 per cent to 2.46 per cent. The slight increase in the absolute dollar value of average inventories over 1953 with the sizeable increase in average net sales, had the effect of decreasing inventory ratios in 1955. The rate of stock turnover — average of beginning and year-end inventories divided into cost of goods sold — amounted to 38.78 times per year, a higher rate than was reported for 1953 operations. This increase in stock turnover is to be expected with decreased inventory ratios.

#### Credit Sales and Receivables

Credit sales for 1955 amounted to 79.64 per cent of total sales, a slight drop from the 1953 level. Within the sales-size classifications, the proportions ranged from 70.12 per cent to 81.27 per cent and increased with size of firm. Average accounts receivable at the year end were 6.16 per cent of average credit sales for all fruit and vegetable wholesale merchants, only slightly below the 1953 proportion of 6.46 per cent. The smaller firms reported an account receivable ratio of 7.21 per cent, a substantial increase from the 1953 figure of 4.93 per cent. Middle-sized firms showed a reduction with a ratio of 6.40 per cent, whereas the larger firms' average accounts receivable decreased from 6.47 per cent in 1953 to 5.96 per cent in 1955, expressed as proportions of their respective average credit sales.

**OPERATING RESULTS OF FRUIT AND VEGETABLE WHOLESALERS  
BY SIZE OF FIRM**

GROSS PROFIT = NET PROFIT + SELLING + WAREHOUSE AND DELIVERY + ADMINISTRATIVE EXPENSES

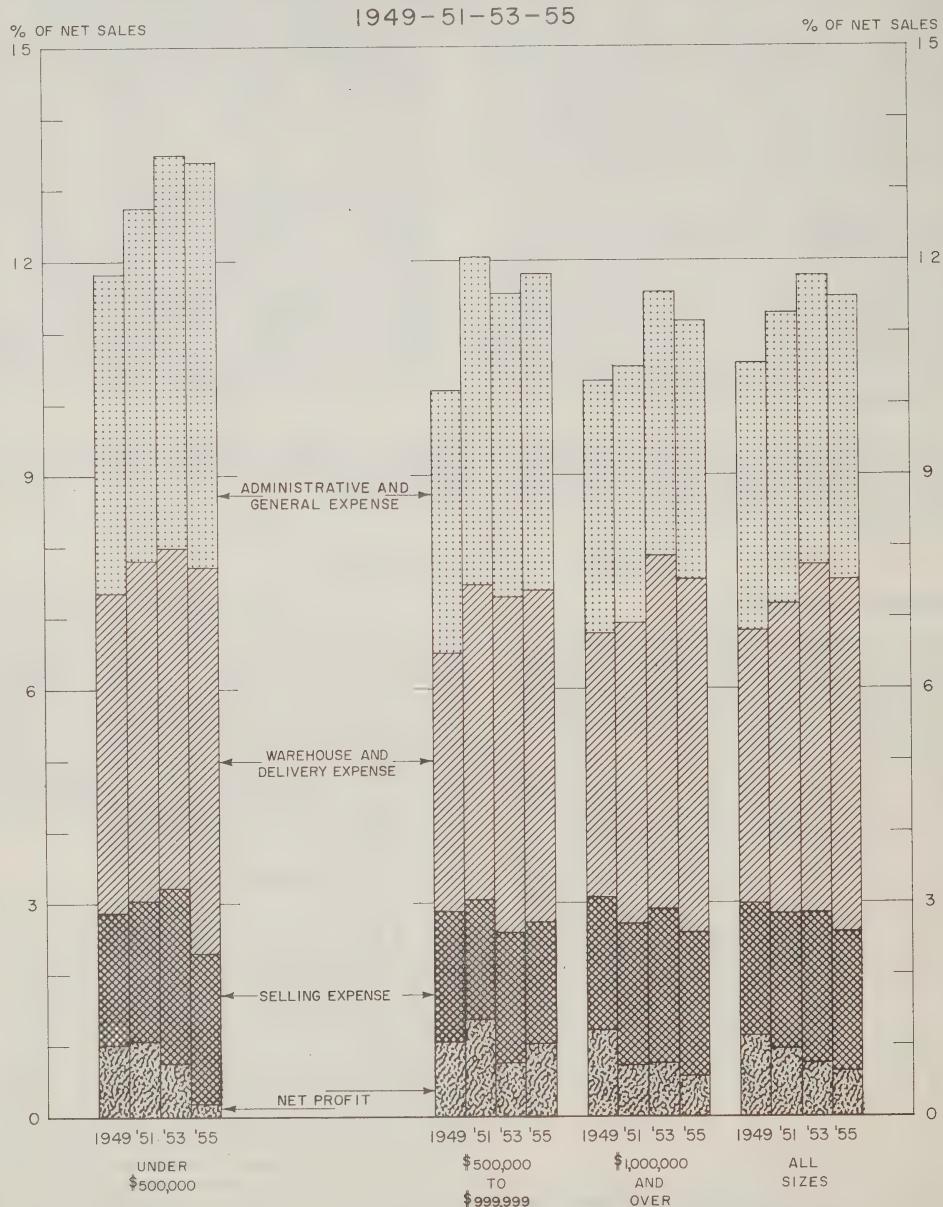


TABLE 5. Operating Results of Fruit and Vegetable Wholesalers, 1955, by Size of Firm

Item	Firms with 1955 sales of			Total all sizes
	Under \$500,000	\$500,000 to \$999,999	\$1,000,000 and over	
Number of firms reporting .....	27	24	27	78
Average net sales per firm .....	\$ 301,751	744,980	2,197,836	1,094,466
Average cost of goods sold .....	\$ 261,327	657,007	1,952,729	968,560
Stock turnover (times per year) .....	37.64	46.34	37.12	38.78
Average beginning inventory .....	\$ 7,184	14,729	49,504	24,155
Per cent of average net sales .....	2.38	1.98	2.25	2.21
Average ending inventory .....	\$ 6,701	13,626	55,718	25,799
Per cent of average net sales .....	2.22	1.83	2.54	2.36
<b>PROFIT AND LOSS DATA</b> (Per cent of net sales)				
Gross profit .....	<b>13.40</b>	<b>11.81</b>	<b>11.15</b>	<b>11.50</b>
Operating expenses:				
Selling expense:				
Salaries .....	1.67	1.39	1.53	1.51
Travelling .....	0.24	0.21	0.30	0.28
Advertising .....	0.15	0.06	0.07	0.08
Other selling expense .....	0.04	0.04	0.11	0.09
<b>Total selling expense</b> .....	<b>2.10</b>	<b>1.70</b>	<b>2.01</b>	<b>1.96</b>
Warehouse and delivery expense:				
Salaries and wages .....	3.00	2.50	2.89	2.81
Maintenance of delivery equipment .....	1.93	1.59	1.00	1.21
Outward freight .....	0.11	0.06	0.43	0.32
Warehouse supplies .....	0.25	0.35	0.34	0.34
Other warehouse and delivery expense .....	0.13	0.16	0.28	0.24
<b>Total warehouse and delivery expense</b> .....	<b>5.42</b>	<b>4.66</b>	<b>4.94</b>	<b>4.92</b>
Administrative and general expense:				
Salaries .....	2.57	2.13	1.46	1.70
Employees' benefits .....	0.08	0.10	0.10	0.10
Occupancy .....	1.23	0.94	0.89	0.93
Taxes <sup>1</sup> .....	0.16	0.09	0.06	0.08
Insurance .....	0.23	0.13	0.09	0.11
Office supplies .....	0.21	0.14	0.11	0.12
Communication .....	0.41	0.27	0.35	0.34
Bad debts — amount written off .....	0.30	0.18	0.12	0.15
All other expense .....	0.49	0.45	0.45	0.46
<b>Total administrative and general expense</b> .....	<b>5.68</b>	<b>4.43</b>	<b>3.63</b>	<b>3.99</b>
<b>Total operating expenses</b> .....	<b>13.20</b>	<b>10.79</b>	<b>10.58</b>	<b>10.87</b>
Net operating profit .....	0.20	1.02	0.57	0.63
Non-trading income .....	0.38	0.09	0.11	0.13
Non-trading expense .....	0.13	0.01	0.07	0.06
<b>Net profit before income tax deduction</b> .....	<b>0.45</b>	<b>1.10</b>	<b>0.61</b>	<b>0.70</b>
<b>MISCELLANEOUS DATA</b>				
Credit sales:				
Average per firm .....	\$ 211,603	585,466	1,786,150	871,673
Per cent of average net sales .....	70.12	78.59	81.27	79.64
Accounts outstanding:				
Average per firm .....	\$ 15,260	37,489	106,479	53,675
Per cent of average credit sales .....	7.21	6.40	5.96	6.16
Sales per 1,000 sq. ft. of floor space .....	\$ 74,956	116,324	141,904	125,435

1. Excludes amount attributed to real estate which is in occupancy expense.

## Regional Results

Gross profit ratios for the four selected regions of Canada showed Quebec with the lowest ratio of 8.30 per cent increasing to 12.18 and 13.70 per cent for Ontario and Maritimes respectively. Prairie provinces and British Columbia had the highest average ratio of 14.69 per cent. The same two regions also held the lowest and highest ratios of total expenses with Quebec at 7.71 per cent and the Prairies and

British Columbia 13.99 per cent. The Maritimes had total expenses of 13.11 per cent and Ontario 11.54 per cent of their respective net sales. Once again the lowest and highest ratios for net operating profit belonged to Quebec (0.59) similar to the Maritimes, and Western Canada with 0.70 per cent. Ontario was almost identical to the Canada ratio of 0.63 per cent.

TABLE 6. Operating Results of Fruit and Vegetable Wholesalers, by Regions, 1955

Item	Maritimes	Quebec	Ontario	Prairie Provinces and B.C.	Canada
Number of firms .....	10	26	30	12	78
Average sales per firm \$ .....	724,205	1,170,379	933,344	1,641,347	1,094,466
(Per cent of net sales)					
Gross profit .....	13.70	8.30	12.18	14.69	11.50
Operating expenses:					
Selling .....	2.56	1.44	1.94	2.55	1.96
Warehouse and delivery .....	5.75	3.37	5.03	6.88	4.92
Administrative and general .....	4.80	2.90	4.57	4.56	3.99
Total operating expenses .....	13.11	7.71	11.54	13.99	10.87
Net operating profit .....	0.59	0.59	0.64	0.70	0.63

## Incorporated Companies 1955

Comparison of the profit and expense ratios of incorporated firms, with all firms, indicated that the differences in the ratios were negligible. Net profit before income tax, expressed as a proportion of net

sales, was 0.68 per cent and 0.70 per cent for "incorporated" and "all firms" respectively. Income tax reduced the incorporated firms ratio to 0.48 per cent, a decrease of 29 per cent.

TABLE 7. Operating Results of Incorporated Fruit and Vegetable Wholesalers, 1955, by Size of Firm

Item	Firms with 1955 sales of			Total all sizes
	Under \$500,000	\$500,000 to \$999,999	\$1,000,000 and over	
(Per cent of net sales)				
Gross profit .....	13.76	12.05	11.16	11.41
Operating expenses .....	14.03	11.04	10.59	10.81
Net operating profit .....	0.27 <sup>1</sup>	1.01	0.57	0.60
Non-trading income .....	0.53	0.11	0.11	0.13
Non-trading expense .....	0.14	0.02	0.05	0.05
Net profit before income tax deduction .....	0.12	1.10	0.63	0.68
Income tax .....	0.08	0.31	0.19	0.20
Final net profit .....	0.04	0.79	0.44	0.48

1. Operating loss.

## Comparison of 1953 and 1955 Results

Data presented for previous tables are the results of all respondents to this 1955 survey. These are the best available results. Consistency in reporting is not attained, as new firms are added to the survey and some old ones may be delinquent in reporting or out of business. For comparison purposes, however, the results of identical firms reporting in both 1953 and 1955 were used. These results are shown in table 8.

Profit and expense ratios represent portions of the average net sales' dollar. Because average profit and expense figures per firm are expressed as percentages of average net sales per firm, it is necessary to take into account the rate of change of these average net sales when comparing ratios applicable to different surveys. That is, if net sales increased 10% from \$1,000,000 in 1953 to \$1,100,000 in 1955, and rent showed a proportionate

increase from \$5,000 to \$5,500, the rent expense ratios for the two years would be identical. However, if rent remained unchanged, or increased less than 10%, the rent expense ratio would show a decrease. To interpret a change in ratios between two years correctly, it is therefore necessary to note changes in net sales. Ratios reduce the effect of multiple establishment firms and may be used with a high degree of accuracy as typical of the trade. The effects of normal sales variations and changes in price levels also tend to be eliminated when results are expressed as ratios. Therefore, ratios of two surveys may be compared, but the rate

of change of average net sales per firm should be noted.

Average net sales for the 66 matched firms increased from \$1,006,142 in 1953 to \$1,116,906 in 1955. The ratios in general are very close, with hardly any changes between surveys. A glance at the gross profit showed a very slight decrease from 11.91 per cent in 1953 to 11.87 per cent in 1955. On the other hand a decrease in the total operating expense ratio more than offset this marginal decline and resulted in a slight increase in the net operating profit for 1955. The ratios were 0.68 and 0.69 per cent for 1953 and 1955 respectively.

TABLE 8. Operating Results of Fruit and Vegetable Wholesalers, 1953 and 1955 Compared

Item	1953	1955
Number of firms .....	66	66
Average net sales per firm .....	\$ 1,006,142	1,116,906
	(Per cent of net sales)	
<b>Gross profit</b> .....	<b>11.91</b>	<b>11.87</b>
Operating expenses:		
Selling .....	2.08	1.98
Warehouse and delivery .....	5.06	5.09
Administrative and general .....	4.09	4.11
<b>Total operating expenses</b> .....	<b>11.23</b>	<b>11.18</b>
<b>Net operating profit</b> .....	<b>0.68</b>	<b>0.69</b>

## TOBACCO AND CONFECTIONERY WHOLESALERS

## Description of Reporting Firms

Item	Firms with 1955 sales of			Total all sizes
	Under \$500,000	\$500,000 to \$999,999	\$1,000,000 and over	
Number of firms .....	24	52	56	132
Form of organization:				
Individual proprietorship .....	7	11	8	26
Partnership .....	8	9	8	25
Incorporated company .....	9	32	40	81
Number of firms operated as:				
Single establishment .....	24	50	46	120
Multiple establishment .....	—	2	10	12
Distribution of sales:				
To retailers .....	%	97.15	99.07	97.64
To wholesalers .....	%	0.81	0.33	1.75
To large users .....	%	1.50	0.53	0.57
To others .....	%	0.54	0.07	0.04
				97.95 1.37 0.61 0.07

## 1. Industries, hospitals, institutions, etc.

Of the 132 reporting firms, 81 were incorporated companies, 25 were partnerships, and the remaining 26 were individual proprietorships. A very large proportion (120) of these firms noted that they oper-

ated only one establishment. Sales to retail stores accounted for 98 per cent of total sales, the remaining sales were made almost entirely to wholesalers and large users.

## REVIEW OF 1955 OPERATING RESULTS

## Profit and Expense Ratios

Tobacco and confectionery wholesalers obtained an average gross profit of 7.33 per cent of average net sales. Sales-size ratios ranged from 7.29 for the largest firms to 7.64 per cent for the smallest firms. The group "Under \$500,000" had the highest total operating expense ratio and the lowest ratio of 6.66 per cent, occurred in the middle size group. The sales-size "\$1,000,000 and over" with a ratio of 6.75 per cent was identical to the "total all sizes" ratio. The net operating profit ratios had a shorter range 0.54 per cent to 0.69 per cent with a Canada average of 0.58 per cent. Non-trading operations had the tendency of increasing the net operating profit for total all sizes to 0.72 per cent of net sales and ranged in descending order as sales sizes increased, from 0.82 to 0.68 per cent net profit before income tax deduction.

## Inventories and Stock Turnover

Average inventories, expressed as ratios of average net sales of responding firms, increased from 5.51 per cent at the beginning of the year to

5.84 per cent at the end of the year. This followed the same trend from the 1953 ratios which increased from 5.14 per cent to 5.62 per cent. A sizeable increase in dollar value of average inventories with a slight decrease in average net sales, had the effect of increasing inventory ratios in 1955. The rate of stock turnover — average of beginning and ending inventories divided into cost of goods sold — was 16.33 times per year, a decrease from the 1953 rate of 17.16.

## Credit Sales and Receivables

Average credit sales, expressed as a proportion of average net sales, decreased from 78.23 per cent to 77.03 per cent for 1953 and 1955 respectively. Within the sales-size ranges, the two smaller sales-sizes showed an increase over 1953 and the "\$1,000,000 and over", sales-size decreased in 1955. Average accounts receivable ratio at the year end, amounted to 8.29 per cent of average annual credit sales, and was higher than the 1953 proportions. Only the smaller sized firms reported a decrease in this ratio when 1955 and 1953 results were compared.

**OPERATING RESULTS OF TOBACCO AND CONFECTIONERY WHOLESALERS  
BY SIZE OF FIRM**

GROSS PROFIT = NET PROFIT + SELLING + WAREHOUSE AND DELIVERY + ADMINISTRATIVE EXPENSES

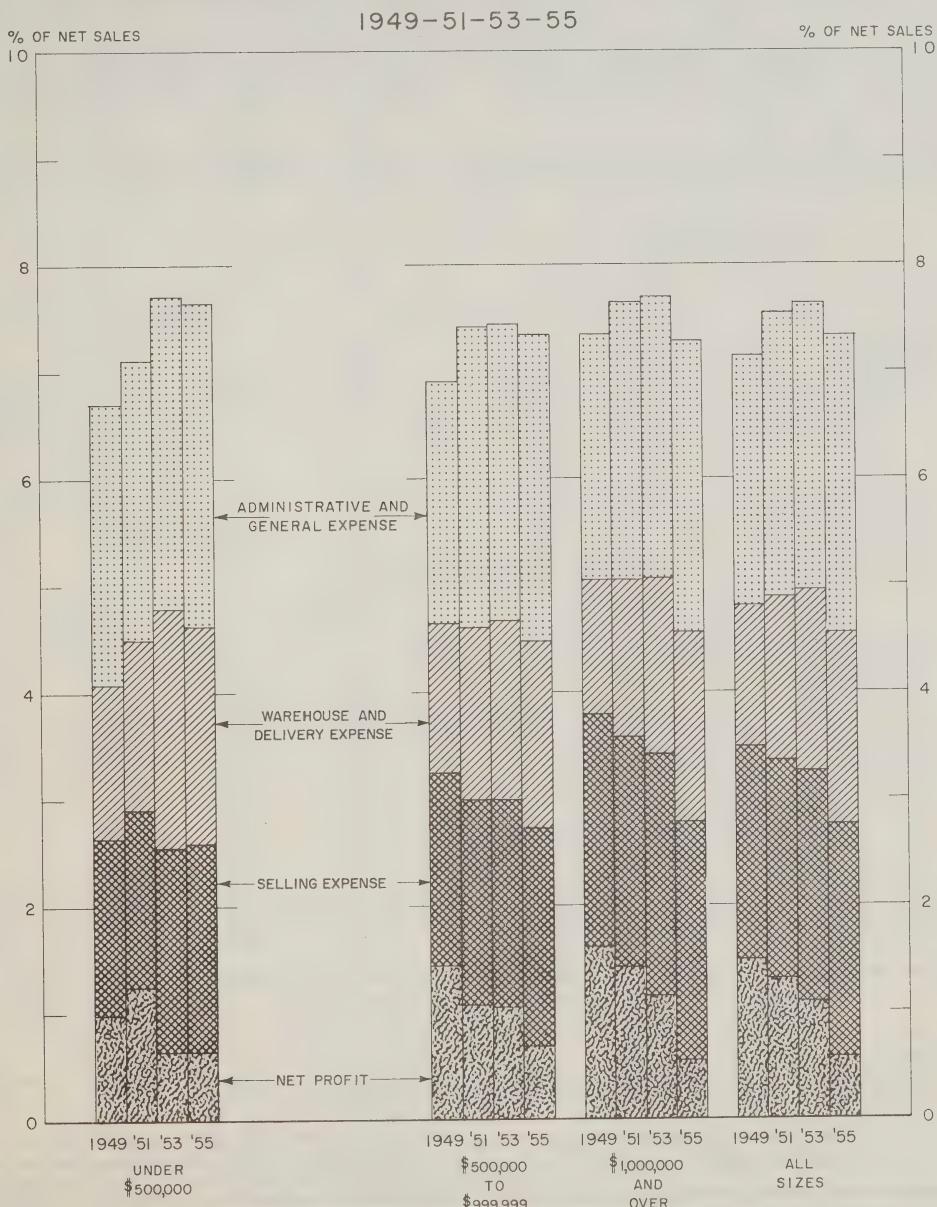


TABLE 9. Operating Results of Tobacco and Confectionery Wholesalers, 1955, by Size of Firm

Item	Firms with 1955 sales of			Total all sizes
	Under \$500,000	\$500,000 to \$999,999	\$1,000,000 and over	
Number of firms reporting .....	24	52	56	132
Average net sales per firm .....	\$ 363,251	743,862	2,069,241	1,236,942
Average cost of goods sold .....	\$ 335,507	689,140	1,918,301	1,146,306
Stock turnover (times per year) .....	15.12	13.94	17.43	16.33
Average beginning inventory .....	\$ 22,103	48,204	106,402	68,149
Per cent of average net sales .....	6.08	6.48	5.14	5.51
Average ending inventory .....	\$ 22,279	50,650	113,615	72,204
Per cent of average net sales .....	6.13	6.81	5.49	5.84
<b>PROFIT AND LOSS DATA</b> (Per cent of net sales)				
Gross profit .....	<b>7.64</b>	<b>7.35</b>	<b>7.29</b>	<b>7.33</b>
Operating expenses:				
Selling expense:				
Salaries .....	1.54	1.58	1.69	1.66
Travelling .....	0.24	0.29	0.44	0.40
Advertising .....	0.10	0.06	0.04	0.05
Other selling expense .....	0.06	0.10	0.07	0.07
<b>Total selling expense</b> .....	<b>1.94</b>	<b>2.03</b>	<b>2.24</b>	<b>2.18</b>
Warehouse and delivery expense:				
Salaries and wages .....	1.19	1.10	1.17	1.15
Maintenance of delivery equipment .....	0.71	0.51	0.44	0.48
Outward freight .....	0.04	0.09	0.07	0.07
Warehouse supplies .....	0.05	0.03	0.04	0.04
Other warehouse and delivery expense .....	0.05	0.03	0.06	0.05
<b>Total warehouse and delivery expense</b> .....	<b>2.04</b>	<b>1.76</b>	<b>1.78</b>	<b>1.79</b>
Administrative and general expense:				
Salaries .....	1.71	1.58	1.42	1.47
Employees' benefits .....	0.05	0.07	0.09	0.09
Occupancy .....	0.46	0.41	0.41	0.41
Taxes <sup>1</sup> .....	0.07	0.05	0.06	0.05
Insurance <sup>1</sup> .....	0.13	0.10	0.10	0.10
Office supplies .....	0.08	0.09	0.09	0.09
Communication .....	0.08	0.07	0.08	0.08
Bad debts—amount written off .....	0.25	0.25	0.23	0.24
All other expense .....	0.18	0.25	0.25	0.25
<b>Total administrative and general expense</b> .....	<b>3.01</b>	<b>2.87</b>	<b>2.73</b>	<b>2.78</b>
<b>Total operating expenses</b> .....	<b>6.99</b>	<b>6.66</b>	<b>6.75</b>	<b>6.75</b>
Net operating profit .....	0.65	0.69	0.54	0.58
Non-trading income .....	0.23	0.18	0.21	0.21
Non-trading expense .....	0.06	0.06	0.07	0.07
<b>Net profit before income tax deduction</b> .....	<b>0.82</b>	<b>0.81</b>	<b>0.68</b>	<b>0.72</b>
<b>MISCELLANEOUS DATA</b>				
Credit sales:				
Average per firm .....	\$ 275,717	583,916	1,585,588	952,832
Per cent of average net sales .....	75.90	78.50	76.63	77.03
Accounts outstanding:				
Average per firm .....	\$ 22,518	53,381	126,920	78,968
Per cent of average credit sales .....	8.17	9.14	8.00	8.29
Sales per 1,000 sq. ft. of floor space .....	\$ 161,834	181,138	242,688	219,195

1. Excludes amount attributed to real estate which is in occupancy expense.

## Regional Results

Ratios for main items are presented in the following table by regions. The gross profit ratios of tobacco and confectionery wholesalers had a range of less than one per cent from 6.93 per cent in Quebec to 7.80 per cent in British Columbia. Prairie Provinces obtained 7.28 per cent and both Maritimes and Ontario regions obtained 7.46 per cent of average net sales. Again Quebec had the lowest total operating expense ratio of 6.42 per cent and

British Columbia retained the highest position with a 7.24 per cent ratio. The other three regions in order of ascending ratio were Prairie provinces with 6.81 per cent, Ontario 6.82 per cent and closest to the national average and Maritimes with a 6.93 per cent ratio. Net operating profit ratios were very closely clustered around the Canada ratio and ranged from 0.47 per cent for the western provinces to 0.64 per cent for Ontario.

TABLE 10. Operating Results of Tobacco and Confectionery Wholesalers, by Regions, 1955

Items	Maritimes	Quebec	Ontario	Prairie Provinces	British Columbia	Canada
Number of firms .....	7	32	65	20	8	132
Average net sales per firm .....	\$ 613,703	1,257,100	1,282,949	1,271,583	1,241,238	1,236,942
(Per cent of net sales)						
Gross profit .....	7.46	6.93	7.46	7.28	7.80	7.33
Operating expenses:						
Selling .....	2.12	2.05	2.18	2.33	2.31	2.18
Warehouse and delivery .....	2.01	1.75	1.84	1.60	1.99	1.79
Administrative and general .....	2.80	2.62	2.80	2.88	2.94	2.78
Total operating expenses .....	6.93	6.42	6.82	6.81	7.24	6.75
Net operating profit .....	0.53	0.51	0.64	0.47	0.56	0.58

## Incorporated Companies 1955

Comparison of the profit and expense ratios of the incorporated companies with all firms indicated that the differences in ratios were small. Net profit before income tax, expressed as a percentage of net

sales, was 0.65 per cent and 0.72 per cent for "incorporated" and "all firms" respectively. Income tax reduced the incorporated firms' ratio to 0.47 per cent a decrease of 28 per cent.

TABLE 11. Operating Results of Incorporated Tobacco and Confectionery Wholesalers, 1955  
by Size of Firm

Item	Firms with 1955 sales of			Total all sizes
	Under \$500,000	\$500,000 to \$999,999	\$1,000,000 and over	
(Per cent of net sales)				
Gross profit .....	7.50	7.62	7.28	7.36
Operating expenses .....	6.84	6.93	6.85	6.87
Net operating profit .....	0.66	0.69	0.43	0.49
Non-trading income .....	0.27	0.20	0.24	0.23
Non-trading expense .....	0.07	0.07	0.08	0.07
Net profit before income tax deduction .....	0.86	0.82	0.59	0.65
Income tax .....	0.19	0.17	0.18	0.18
Final net profit .....	0.67	0.65	0.41	0.47

## Comparison of 1953 and 1955 Results

In the ratios and averages of all other sections of this report all the firms that reported in 1955 are represented. The best available ratios for 1955 are obtained from the combined results of the 132 firms. For best comparison, however, only the results of firms reporting for both years under study are used.

Profit and expense ratios represent portions of the average net sales' dollar. Because average profit and expense figures per firm are expressed as percentages of average net sales per firm, it is necessary to take into account the rate of change of these average net sales when comparing ratios

applicable to different surveys. That is, if net sales increased 10% from \$1,000,000 in 1953 to \$1,100,000 in 1955, and rent showed a proportionate increase from \$5,000 to \$5,500, the rent expense ratios for the two years would be identical. However, if rent remained unchanged, or increased less than 10% the rent expense ratio would show a decrease. To interpret a change in ratios between two years correctly, it is therefore necessary to note changes in net sales. Ratios reduce the effect of multiple establishment firms and may be used with a high degree of accuracy as typical of the trade. The effects of normal sales variations and changes in

price levels also tend to be eliminated when results are expressed as ratios. Therefore, ratios of two surveys may be compared, but the rate of change of average net sales per firm should be noted.

Average net sales showed a small increase in 1955 from \$1,247,300 in 1953 to \$1,287,134. The gross profit ratio decreased from 7.68 per cent in 1953 to 7.38 per cent in 1955. This decrease coupled with an increase from 6.52 to 6.80 per cent in total operating expenses had the combined effect of reducing the 1953 net operating profit ratio of 1.16 per cent by half, to 0.58 per cent in 1955.

TABLE 12. Operating Results of Tobacco and Confectionery Wholesalers, 1953 and 1955 Compared

Item		1953	1955
Number of firms .....		116	116
Average net sales per firm .....	\$	1,247,300	1,287,134
		(Per cent of net sales)	
<b>Gross profit</b> .....		<b>7.68</b>	<b>7.38</b>
Operating expenses:			
Selling .....		2.23	2.20
Warehouse and delivery .....		1.64	1.80
Administrative and general .....		2.65	2.80
<b>Total operating expenses</b> .....		<b>6.52</b>	<b>6.80</b>
<b>Net operating profit</b> .....		<b>1.16</b>	<b>0.58</b>

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## OPERATING RESULTS OF FOOD WHOLESALERS

1957

*Published by Authority of*

The Honourable Gordon Churchill, Minister of Trade and Commerce

**DOMINION BUREAU OF STATISTICS**  
Industry and Merchandising Division

## NOTICE

The annual reports prepared by the Industry and Merchandising Division of the Bureau of Statistics are divided into 3 volumes, as follows: Volume I — The Primary Industries, including mining, forestry and fisheries; Volume II — Manufacturing; Volume III — Merchandising and Services.

Volume III consists of the following parts with individual trade reports listed under each:

### Part I — Wholesale Statistics

- A — Wholesale Trade .
- B — Operating Results of Food Wholesalers
- C — Operating Results of Dry Goods, Piece Goods and Footwear Wholesalers
- D — 1 Operating Results of Automotive Parts and Accessories Wholesalers
  - 2 Operating Results of Drug Wholesalers
  - 3 Operating Results of Hardware Wholesalers
  - 4 Operating Results of Plumbing and Heating Supply Wholesalers
  - 5 Operating Results of Household Appliance & Electrical Supply Wholesalers
- E — Agents and Brokers, Wholesale Trade (Memorandum)

### Part II — Retail Statistics

- F — Retail Trade
- G — Retail Chain Stores
- H — Operating Results of Food Store Chains
- I — Operating Results of Clothing Store Chains
- J — 1 Operating Results of Variety Store Chains
  - 2 Operating Results of Drug Store Chains
  - 3 Operating Results of Furniture Store Chains
- \*K — Operating Results of Independent Food Stores
- \*L — Operating Results of Independent Clothing Stores
- \*M — Operating Results of Independent Hardware, Furniture, Appliance, Radio and Television Stores
- \*N — Operating Results of Filling Stations and Garages
- \*O — 1 Operating Results of Independent General Stores
  - 2 Operating Results of Independent Restaurants
  - 3 Operating Results of Independent Fuel Dealers
  - 4 Operating Results of Independent Drug Stores
  - 5 Operating Results of Independent Jewellery Stores
  - 6 Operating Results of Independent Tobacco Stores
- P — Retail Credit

### Part III — Services and Special Fields

- Q — Laundries, Cleaners and Dyers
- R — Motion Picture Theatres, Exhibitors and Distributors
- S — Hotels
- T — Sales Financing
- U — Farm Implement and Equipment Sales
- V — New Motor Vehicle Sales and Motor Vehicle Financing
- W — Advertising Agencies (Memorandum)
- X — Motion Picture Production (Memorandum)

The reports are punched to permit of filing in a ring binder.

\* Biennial reports — not issued for 1957.

*Prices of most reports released after January 1, 1959 have been increased. Information on the new prices of particular issues is available on request from the Information Services Division of the Dominion Bureau of Statistics.*

# OPERATING RESULTS OF FOOD WHOLESALERS

## 1957

### INTRODUCTION

The following explanatory notes describe certain features of the operating results series contained in this report.

#### Scope

This study is confined to wholesale merchants, i.e., those wholesalers performing the full selling, warehousing and delivery functions. Agents, brokers, drop shippers and other specialized types of wholesale distributors are not included. Three separate trades are covered — grocery, fruit and vegetable and tobacco and confectionery wholesalers.

#### Content

Most emphasis has been placed on the presentation of profit and loss statistics. Average gross and net profits and detailed operating expenses are shown for the most suitable sales-size classes. Operating expenses appear separately for selling, warehouse and delivery, and administrative and general departments. The customary profit and loss details are supplemented by information on other related operating features including inventories, rate of stock turnover, credit sales and receivables, and floor space used. Wherever possible, a table showing regional figures has been prepared. Proprietors' salaries were included with administrative salaries. A table showing income tax was made for incorporated companies only.

#### Purpose

The primary purpose of the operating results surveys is to provide average measurements of the different phases of business operations against which firms in the same trade may make direct comparisons with their own operating results. They also provide useful information to others interested in the cost of distribution of consumer goods.

However, the average — i.e., arithmetic mean — operating results of all wholesalers classified under "Wholesalers Proper" would be misleading since, by definition, "Wholesalers Proper" includes subsidiary companies performing the wholesaling function of parent companies whose marketing policies with regard to profit and expense ratios may be atypical of the trade. In addition, "Wholesalers Proper" includes those firms whose revenues are derived in part from a type of activity — e.g., manufacturing, retailing — which may be uncommon to the trade. Consequently, it is thought that average operating results of the more typical establishments within a trade would be of superior value in view of the purposes for which the series on operating results is designed. Therefore, firms with atypical policies and/or activities have been excluded from the computations of the average operating results published herein.

#### Period Covered

This report deals with operations for the calendar year 1957 or fiscal years which fell closest to the calendar year and is the sixth biennial publication in a series begun in 1947. A summary table shows identical firm results for 1955 and 1957. The charts show the gross profit components for 1951, 1953, 1955 and 1957 by suitable sales-size classification.



## SUMMARY OF 1957 RESULTS BY TRADES

The following summary table shows statistics on operating results for each of the three trades that make up the food wholesale business. It draws the main findings of the survey together in convenient form and enables comparison of the operating results of one group of food wholesalers with another for the year 1957. In the pages which follow, the reader will find sections of the report dealing with each of grocery, fruit and vegetable, and tobacco and confectionery wholesalers.

The reader should be careful not to draw erroneous conclusions from absolute dollar values (average sales, cost of goods sold, inventories, etc.) published in the table which follows immediately and in the tables of other sections of the report. These values are the arithmetic means of items re-

ported by both firms operating one place of business and firms operating a number of places of business. Reports from respondents are made on the basis of the firm so that the mean values are not those of business locations. Average absolute values are shown only to make perfectly explicit the nature of the data from which the ratios are derived. The surveys were designed primarily to obtain ratios which various profit and expense items of a panel of firms bear to net sales. In the case of the grocery trade these ratios are shown for four size categories of firms and, in the case of the other two trades, the ratios are classified into three size categories. In less detail ratios are given by geographical region in which the firms are domiciled and one table in each section is restricted to the operating results of incorporated companies.

### Operating Results of Grocery, Fruit and Vegetable, and Tobacco and Confectionery Wholesalers Compared, 1957

Item	Grocery	Fruit and vegetable	Tobacco and confectionery
Number of firms .....	89	73	129
Average net sales per firm .....	\$ 5,338,349	1,289,672	1,415,167
Stock turnover (times per year) .....	13.05	37.24	17.87
(Per cent of net sales)			
<b>Gross profit</b> .....	<b>6.84</b>	<b>12.14</b>	<b>6.73</b>
Operating expenses:			
Selling .....	1.11	1.85	1.89
Warehouse and delivery .....	2.15	5.27	1.67
Administrative and general .....	3.12	4.17	2.82
<b>Total operating expenses</b> .....	<b>6.38</b>	<b>11.29</b>	<b>6.38</b>
<b>Net operating profit</b> .....	<b>0.46</b>	<b>0.85</b>	<b>0.35</b>
Non-trading income .....	0.76	0.37	0.30
Non-trading expense .....	0.17	0.05	0.08
<b>Net profit before income tax deduction</b> .....	<b>1.05</b>	<b>1.17</b>	<b>0.57</b>
Credit sales .....	76.80	78.49	76.87
Sales to voluntary group retail stores .....	28.20	5.41	1.35
Sales to other retail stores .....	61.86	70.56	92.20

It will be observed from the above table that average operating ratios were generally higher for fruit and vegetable wholesalers than for the other two trades in the food wholesaling business. This is to be expected because of the perishable nature of the goods which entail faster turnover, more handling, more frequent delivery, spoilage, etc. For example, both average gross profit (12.14%) and average total operating expenses (11.29%), expressed as percentages of net sales, were almost twice as high for wholesalers in the fruit and vegetable trade as for those in the other two trades; and the rate of stock turnover was over twice as high. Net operating profit had a range of one-half of one per cent of net sales from 0.35% for wholesalers in

the tobacco and confectionery trade to 0.85% for those in the fruit and vegetable trade.

However, very high warehousing and delivery expenses in this perishable goods trade, after taking account of non-trading items, reduced average net profit before income tax (1.17%) almost to the level of that obtained for wholesalers in the grocery trade (1.05%). The average net profit ratio for tobacco and confectionery wholesalers was lowest at 0.57% of net sales. For the first time, sales to voluntary group retail stores, expressed as a percentage of total sales, are shown for each trade. A detailed report on each of the three trade groups in the food wholesaling business follows.

## GROCERY WHOLESALERS

## Description of Reporting Firms

Item	Firms with 1957 sales of				Total all sizes	
	Under \$1,000,000	\$1,000,000 to \$4,999,999	\$5,000,000 to \$9,999,999	\$10,000,000 and over		
Number of firms .....	24	46	11	8	89	
Form of organization:						
Individual proprietorship .....	6	2	—	—	8	
Partnership .....	3	1	1	—	5	
Incorporated company .....	15	43	10	8	76	
Number of firms operated as:						
Single establishment .....	24	40	8	1	73	
Multiple establishment .....	—	6	3	7	16	
Distribution of sales:						
To voluntary group retail stores .....	%	—	11.94	33.35	34.26	28.20
To other retail stores .....	%	87.39	72.88	59.96	56.98	61.86
To wholesalers .....	%	0.22	4.72	0.94	0.08	1.24
To large users <sup>1</sup> .....	%	9.91	8.74	5.44	2.20	4.39
To others .....	%	2.48	1.72	0.31	6.48	4.31

<sup>1</sup> Industries, hospitals, institutions, etc.

Eighty of the 108 firms that reported for the 1955 survey of grocery wholesalers reported for the 1957 survey and reports were received from 9 other firms. This means that the data used for compiling Tables 1 and 2 of this report were supplied by 89 firms, or 19 fewer than in 1955. Table 3 is compiled from reports of 76 incorporated companies and Table 4 from reports of 80 firms that reported for both the

1955 and 1957 surveys. The purpose of Table 4 is to enable comparison of the results of the same panel of firms for the two periods. More information about the firms in the panel, including percentages on sales distribution, is given in the above table. For the first time, sales of the panel of firms to voluntary group retailers are shown as a percentage of total sales.

## REVIEW OF 1957 OPERATING RESULTS

## Profit and Expense Ratios

Table 1 shows that the 1957 panel of wholesalers in the grocery trade realized an average gross profit of 6.84% of net sales, incurred average operating expenses of 6.38% and, after taking account of non-trading items, had average net profit before income tax of 1.05%. As well as being shown for the whole panel of firms in the survey, these data are shown for four groups of firms classified according to the size of their annual sales. Ratios for various expense components for each of the four sales size groups are also shown in Table 1.

While an attempt is made to restrict material used in this compilation to data reported by typical firms in the trade, the composition of the panel of firms changes from survey to survey. This is due to the difficulty of getting firms in sufficient number to report for a series of consecutive biennial

surveys. Because of this change in the composition of the panel, published results of the biennial surveys are not strictly comparable. Therefore, a special compilation is furnished in the last section of this report for purposes of comparing results of the 1957 survey with those of 1955.

## Other Operating Features

Table 1 contains information with respect to inventories and stock turnover. The latter is computed by dividing the cost of goods sold by the average of the beginning and end of year inventories. For the panel as a whole this worked out to 13.05 times per year. Average inventories and average credit sales are shown as percentages of average net sales. Average accounts outstanding are shown as a percentage of average credit sales. Information on sales per 1,000 square feet of floor space is also available.

OPERATING RESULTS OF GROCERY WHOLESALERS  
BY SIZE OF FIRM

GROSS PROFIT = NET PROFIT + SELLING + WAREHOUSE AND DELIVERY + ADMINISTRATIVE EXPENSES

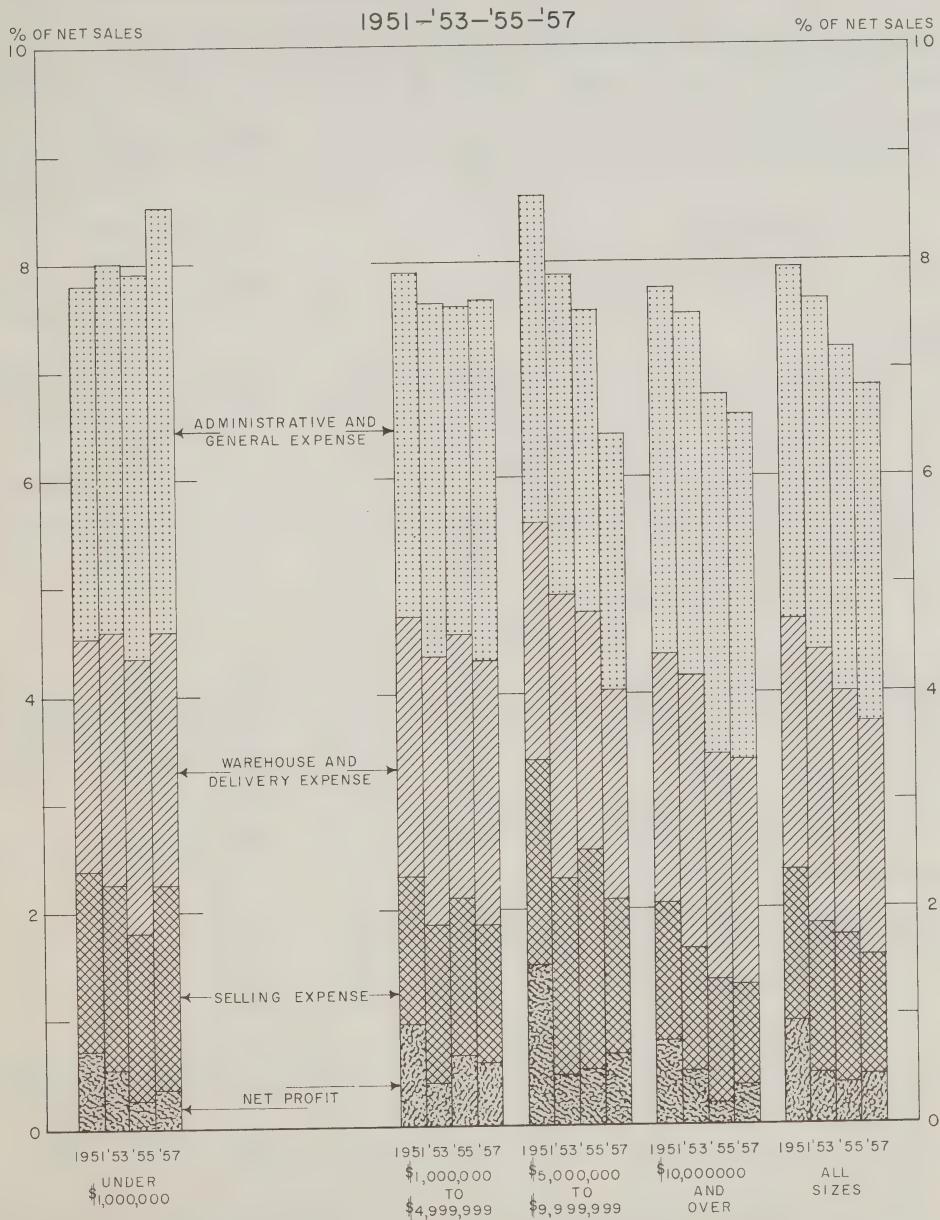


TABLE 1. Operating Results of Grocery Wholesalers, 1957, by Size of Firm

Item	Firms with 1957 sales of				Total all sizes
	Under \$1,000,000	\$1,000,000 to \$4,999,999	\$5,000,000 to \$9,999,999	\$10,000,000 and over	
Number of firms reporting .....	24	46	11	8	89
Average net sales per firm .....	\$ 598,500	2,258,849	7,004,473	34,974,104	5,338,349
Average cost of goods sold .....	\$ 547,526	2,085,932	6,556,155	32,673,036	4,972,983
Stock turnover (times per year) .....	9.12	10.58	11.79	15.13	13.05
Average beginning inventory .....	\$ 62,089	200,202	553,300	2,128,982	379,973
Per cent of average net sales .....	10.37	8.86	7.90	6.09	7.12
Average ending inventory .....	\$ 57,978	194,226	559,136	2,188,770	381,871
Per cent of average net sales .....	9.69	8.60	7.98	6.26	7.15
<b>Profit and loss data</b>					
(Per cent of net sales)					
<b>Gross profit</b> .....	<b>8.52</b>	<b>7.66</b>	<b>6.40</b>	<b>6.58</b>	<b>6.84</b>
Operating expenses:					
Selling expense:					
Salaries .....	1.33	0.88	0.73	0.56	0.68
Travelling .....	0.37	0.26	0.23	0.16	0.20
Advertising .....	0.06	0.06	0.14	0.09	0.09
Other selling expense .....	0.13	0.09	0.31	0.12	0.14
<b>Total selling expense</b> .....	<b>1.89</b>	<b>1.29</b>	<b>1.41</b>	<b>0.93</b>	<b>1.11</b>
Warehouse and delivery expense:					
Salaries and wages .....	1.47	1.76	1.32	1.44	1.49
Maintenance of delivery equipment .....	0.70	0.54	0.45	0.20	0.33
Outward freight .....	0.11	0.06	0.05	0.30	0.20
Warehouse supplies .....	0.04	0.03	0.03	0.03	0.03
Other warehouse and delivery expense .....	0.02	0.05	0.10	0.12	0.10
<b>Total warehouse and delivery expense</b> .....	<b>2.34</b>	<b>2.44</b>	<b>1.95</b>	<b>2.09</b>	<b>2.15</b>
Administrative and general expense:					
Salaries .....	2.07	1.73	1.16	1.41	1.46
Employees' benefits .....	0.09	0.12	0.08	0.16	0.14
Occupancy .....	0.82	0.59	0.45	0.48	0.51
Taxes <sup>1</sup> .....	0.10	0.07	0.06	0.04	0.05
Insurance .....	0.14	0.10	0.06	0.04	0.06
Office supplies .....	0.09	0.10	0.07	0.14	0.12
Communication .....	0.11	0.12	0.07	0.16	0.14
Bad debts—amount written off .....	0.16	0.13	0.10	0.06	0.08
All other expense .....	0.34	0.39	0.32	0.71	0.56
<b>Total administrative and general expense</b> .....	<b>3.92</b>	<b>3.35</b>	<b>2.37</b>	<b>3.20</b>	<b>3.12</b>
<b>Total operating expenses</b> .....	<b>8.15</b>	<b>7.08</b>	<b>5.73</b>	<b>6.22</b>	<b>6.38</b>
Net operating profit .....	0.37	0.58	0.67	0.36	0.46
Non-trading income .....	0.40	0.44	0.31	1.02	0.76
Non-trading expense .....	0.08	0.21	0.16	0.16	0.17
<b>Net profit before income tax deduction</b> .....	<b>0.69</b>	<b>0.81</b>	<b>0.82</b>	<b>1.22</b>	<b>1.05</b>
<b>Miscellaneous data</b>					
Credit sales:					
Average per firm .....	\$ 469,862	1,807,392	3,489,191	29,009,421	4,099,699
Per cent of average net sales .....	78.51	80.01	49.81	82.95	76.80
Accounts outstanding:					
Average per firm .....	\$ 43,659	137,192	266,662	1,206,617	224,100
Per cent of average credit sales .....	9.29	7.59	7.64	4.16	5.47
Sales per 1,000 sq. ft. of floor space .....	\$ 32,020	90,911	131,832	116,398	103,741

<sup>1</sup> Excludes amount attributed to real estate which is in occupancy expense.

**Regional Results**

Table 2 shows the principal profit and expense figures by regions for grocery wholesale firms in the 1957 panel. Average gross profit ratios ranged from 6.08% of average net sales in Ontario to 8.23% in the Maritime Provinces. Average total operating

expenses varied from 5.54% of average net sales in Quebec and Ontario to 7.25% in the Maritime Provinces. Average net operating profit was lowest in the Prairie Provinces and British Columbia, and highest in the Maritime Provinces.

**TABLE 2. Operating Results of Grocery Wholesalers by Regions, 1957**

Item	Maritimes	Quebec	Ontario	Prairie Provinces and B.C.	Canada
Number of firms .....	26	25	24	14	89
Average net sales per firm .....	\$ 2,627,450	1,905,548	6,068,116	15,251,849	5,338,349
(Per cent of net sales)					
Gross profit .....	8.23	6.27	6.08	7.05	6.84
Operating expenses:					
Selling .....	1.38	1.17	1.20	0.96	1.11
Warehouse and delivery .....	2.50	1.75	1.93	2.28	2.15
Administrative and general .....	3.37	2.62	2.41	3.63	3.12
Total operating expenses .....	7.25	5.54	5.54	6.87	6.38
Net operating profit .....	0.98	0.73	0.54	0.18	0.46

**Incorporated Companies, 1957**

Table 3 shows the operating results of the 76 incorporated companies in the grocery wholesale trade that reported for the 1957 survey. Most of the companies were small to medium in size and 43 of

them had sales of between one and five million dollars. Unlike Table 1, deduction for income tax is shown in Table 3 as a percentage of net sales.

**TABLE 3. Operating Results of Incorporated Grocery Wholesalers, 1957, by Size of Firm**

Item	Firms with 1957 sales of				Total all sizes
	Under \$1,000,000	\$1,000,000 to \$4,999,999	\$5,000,000 to \$9,999,999	\$10,000,000 and over	
per cent of net sales					
Gross profit .....	8.31	7.69	6.55	6.58	6.85
Operating expenses .....	8.06	7.11	5.85	6.22	6.39
Net operating profit .....	0.25	0.58	0.70	0.36	0.46
Non-trading income .....	0.47	0.43	0.33	1.02	0.77
Non-trading expense .....	0.11	0.21	0.17	0.16	0.17
Net profit before income tax deduction .....	0.61	0.80	0.86	1.22	1.06
Income tax .....	0.16	0.23	0.33	0.49	0.40
Final net profit .....	0.45	0.57	0.53	0.73	0.66

### Comparison of 1955 and 1957 Operating Results

As has been stated earlier in this report, the composition of the panel of firms that report for the biennial survey of operating results changes from survey to survey. Although reports are used only if the operations of the firms closely conform to those of typical firms in the trade, it should be noted that the changing composition of the panel places some limitation on the comparability of the data contained in the present survey with those contained in previous surveys. Hence, a special compilation of the operating results of the 80 firms that reported for both 1955 and 1957 is shown in Table 4. This table sets out the principal profit and expense figures for the same panel of firms for the two periods. However, when interpreting figures in the following

table, changes in the average net sales of firms from period to period should be noted. Expenses of a fixed nature would tend to reduce certain expense ratios as the average net sales of firms increased. On the other hand, these expense items would tend to increase the ratios as average net sales decreased.

Average net sales of these 80 firms increased by 38.1% from \$3,945,337 in 1955 to \$5,450,465 in 1957 and, although average gross profit, expressed as a percentage of average net sales, decreased in 1957 when compared with 1955, average total operating expenses also decreased sufficiently to produce an improved net operating profit position.

**TABLE 4. Operating Results of Grocery Wholesalers, 1955 and 1957 Compared**

Item	1955	1957
Number of firms .....	80	80
Average net sales per firm.....\$	3,945,337	5,450,465
	(Per cent of net sales)	
<b>Gross profit .....</b>	<b>7.73</b>	<b>6.85</b>
Operating expenses:		
Selling .....	1.41	1.10
Warehouse and delivery .....	2.41	2.13
Administrative and general .....	3.48	3.14
<b>Total operating expenses .....</b>	<b>7.30</b>	<b>6.37</b>
<b>Net operating profit .....</b>	<b>0.43</b>	<b>0.48</b>

## FRUIT AND VEGETABLE WHOLESALERS

## Description of Reporting Firms

Item	Firms with 1957 sales of			Total all sizes
	Under \$500,000	\$500,000 to \$999,999	\$1,000,000 and over	
Number of firms .....	22	22	29	73
Form of organization:				
Individual proprietorship .....	12	2	1	15
Partnership .....	5	7	1	13
Incorporated company .....	5	13	27	45
Number of firms operated as:				
Single establishment .....	22	20	22	64
Multiple establishment .....	—	2	7	9
Distribution of sales:				
To voluntary group retail stores ..... %	2.02	0.86	6.74	5.41
To other retail stores ..... %	77.53	71.18	69.79	70.56
To wholesalers ..... %	11.63	19.06	17.72	17.53
To large users <sup>1</sup> ..... %	6.05	7.21	5.48	5.82
To others ..... %	2.77	1.69	0.27	0.68

<sup>1</sup> Industries, hospitals, institutions, etc.

Fifty-seven of the 78 firms that reported for the 1955 survey of fruit and vegetable wholesalers reported for the 1957 survey, and reports were received from 16 other firms. This adds up to a panel of 73 firms that provided the data used for compiling Tables 5 and 6 of this report. Table 7 is compiled from reports of 45 incorporated companies, and

Table 8 from data submitted by the 57 firms that reported for both the 1955 and 1957 surveys. Information with regard to the sales distribution and other aspects of the reporting firms is provided in the above table. For the first time, sales of the panel or firms to voluntary group retail stores have been shown as a percentage of total sales.

## REVIEW OF 1957 OPERATING RESULTS

## Profit and Expense Ratios

Table 5 shows that fruit and vegetable wholesalers in the panel surveyed realized an average gross profit of 12.14% of average net sales, incurred average operating expenses of 11.29% and, after taking account of non-trading items, had an average net profit before income tax deduction of 1.17%. Ratios for various expense components are also shown in this table. The data are shown for three groups of firms classified according to size of annual sales as well as for the panel as a whole.

Although an attempt is made to restrict material used in this compilation to data reported by typical firms in the trade, the composition of the panel of firms changes from survey to survey. This is due to the difficulty of getting firms in sufficient number to report for a series of consecutive biennial surveys. Because of this change in the composition

of the panel, published results of the biennial surveys may not be strictly comparable. Therefore, for purposes of comparing results of the 1957 survey with those of the 1955 survey, a special compilation is furnished in the last section of this report.

## Other Operating Features

Table 5 also contains information with respect to stock turnover. This is computed by dividing the cost of goods sold by the average of the beginning and end of year inventories. For the panel as a whole this worked out to 37.24 times per year. Average inventories and average credit sales are shown as percentages of average net sales. Average accounts outstanding are shown as a percentage of average credit sales. Information is also available on sales per 1,000 square feet of floor space. The results of these items do not vary greatly from those obtained in 1955.

OPERATING RESULTS OF FRUIT AND VEGETABLE WHOLESALERS  
BY SIZE OF FIRM

GROSS PROFIT=NET PROFIT+SELLING+WAREHOUSE AND DELIVERY+ADMINISTRATIVE EXPENSES

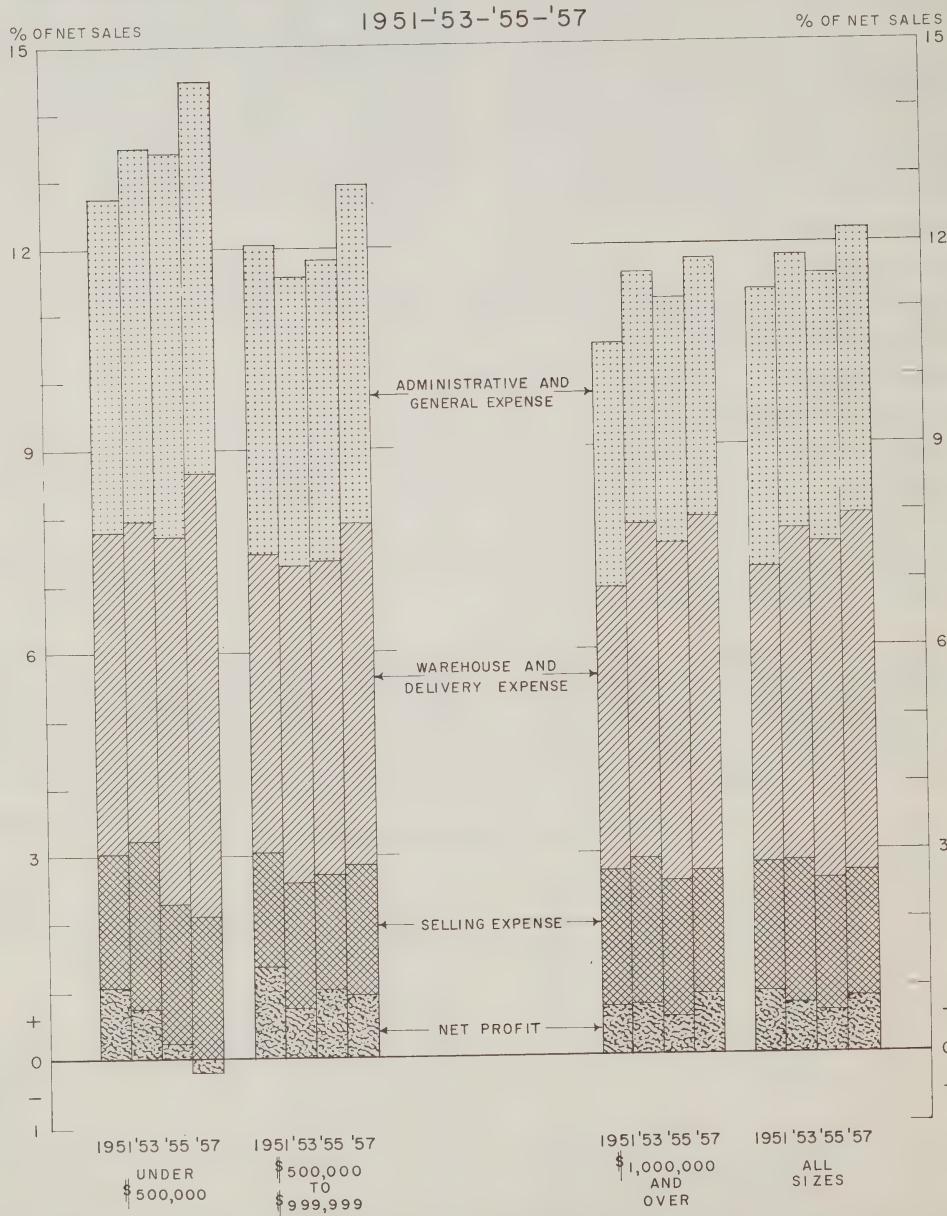


TABLE 5. Operating Results of Fruit and Vegetable Wholesalers, 1957, by Size of Firm

Item	Firms with 1957 sales of			Total all sizes
	Under \$500,000	\$500,000 to \$999,999	\$1,000,000 and over	
Number of firms reporting .....	22	22	29	73
Average net sales per firm .....	\$ 292,224	731,400	2,469,873	1,289,672
Average cost of goods sold .....	\$ 249,895	636,795	2,179,550	1,133,070
Stock turnover (times per year) .....	47.35	51.72	34.46	37.24
Average beginning inventory .....	\$ 5,203	12,164	61,007	29,469
Per cent of average net sales .....	1.78	1.66	2.47	2.29
Average ending inventory .....	\$ 5,350	12,462	65,479	31,380
Per cent of average net sales .....	1.83	1.70	2.65	2.43
<b>Profit and loss data</b>				
(Per cent of net sales)				
<b>Gross profit</b> .....	<b>14.49</b>	<b>12.93</b>	<b>11.75</b>	<b>12.14</b>
Operating expenses:				
Selling expense:				
Salaries .....	1.91	1.43	1.34	1.40
Travelling .....	0.26	0.21	0.25	0.24
Advertising .....	0.08	0.10	0.08	0.08
Other selling expense .....	0.02	0.20	0.13	0.13
<b>Total selling expense</b> .....	<b>2.27</b>	<b>1.94</b>	<b>1.80</b>	<b>1.85</b>
Warehouse and delivery expense:				
Salaries and wages .....	3.18	2.77	2.72	2.76
Maintenance of delivery equipment .....	2.92	1.72	0.88	1.16
Outward freight .....	0.09	0.10	0.93	0.73
Warehouse supplies .....	0.25	0.30	0.32	0.31
Other warehouse and delivery expense .....	0.08	0.14	0.36	0.31
<b>Total warehouse and delivery expense</b> .....	<b>6.52</b>	<b>5.03</b>	<b>5.21</b>	<b>5.27</b>
Administrative and general expense:				
Salaries .....	2.93	2.53	1.68	1.91
Employees' benefits .....	0.11	0.12	0.13	0.13
Occupancy .....	1.25	0.98	0.77	0.84
Taxes <sup>1</sup> .....	0.15	0.10	0.08	0.09
Insurance <sup>1</sup> .....	0.13	0.09	0.08	0.08
Office supplies .....	0.14	0.12	0.13	0.13
Communication .....	0.35	0.32	0.34	0.33
Bad debts—amount written off .....	0.22	0.20	0.13	0.15
All other expense .....	0.58	0.56	0.49	0.51
<b>Total administrative and general expense</b> .....	<b>5.86</b>	<b>5.02</b>	<b>3.83</b>	<b>4.17</b>
<b>Total operating expenses</b> .....	<b>14.65</b>	<b>11.99</b>	<b>10.84</b>	<b>11.29</b>
Net operating profit .....	0.16 <sup>2</sup>	0.94	0.91	0.85
Non-trading income .....	0.49	0.28	0.38	0.37
Non-trading expense .....	0.01	0.03	0.06	0.05
<b>Net profit before income tax deduction</b> .....	<b>0.32</b>	<b>1.19</b>	<b>1.23</b>	<b>1.17</b>
<b>Miscellaneous data</b>				
Credit sales:				
Average per firm .....	\$ 177,859	593,811	1,962,643	1,012,238
Per cent of average net sales .....	60.86	81.19	79.46	78.49
Accounts outstanding:				
Average per firm .....	\$ 16,480	45,292	115,073	64,330
Per cent of average credit sales .....	9.27	7.63	5.86	6.36
Sales per 1,000 sq. ft. of floor space .....	\$ 69,044	99,286	141,322	123,550

<sup>1</sup> Excludes amount attributed to real estate which is in occupancy expense.<sup>2</sup> Operating loss.

**Regional Results**

Table 6 shows the principal profit and expense figures by regions for fruit and vegetable wholesale firms in the 1957 panel. Average gross profit ratios ranged from 9.28% of average net sales in Quebec to 16.10% in the Prairie Provinces and British Columbia. Average total operating expenses varied

from 8.57% of average net sales in Quebec to 14.71% in the Prairie Provinces and British Columbia. Average net operating profit was lowest in Ontario and highest in the Prairie Provinces and British Columbia.

**TABLE 6. Operating Results of Fruit and Vegetable Wholesalers, by Regions, 1957**

Item	Maritimes	Quebec	Ontario	Prairie Provinces and B.C.	Canada
Number of firms.....	7	23	31	12	73
Average sales per firm..... \$	829,293	1,310,623	1,178,002	1,806,550	1,289,672
(Per cent of net sales)					
<b>Gross profit</b> .....	<b>12.58</b>	<b>9.28</b>	<b>12.09</b>	<b>16.10</b>	<b>12.14</b>
Operating expenses:					
Selling .....	1.32	1.50	1.66	2.83	1.85
Warehouse and delivery .....	5.23	3.63	5.22	7.63	5.27
Administrative and general .....	4.95	3.44	4.61	4.25	4.17
<b>Total operating expenses</b> .....	<b>11.50</b>	<b>8.57</b>	<b>11.49</b>	<b>14.71</b>	<b>11.29</b>
<b>Net operating profit</b> .....	<b>1.08</b>	<b>0.71</b>	<b>0.60</b>	<b>1.39</b>	<b>0.85</b>

**Incorporated Companies 1957**

Table 7 shows the operating results of the 45 incorporated companies in the fruit and vegetable wholesale trade that reported to the 1957 survey. Both average gross profit and average operating expense ratios tended to decrease as sales in-

creased, a trend which was also apparent in Table 5 where the results of both incorporated and non-incorporated firms were combined. Unlike Table 5 deduction for income tax is shown in Table 7 as a percentage of net sales.

**TABLE 7. Operating Results of Incorporated Fruit and Vegetable Wholesalers, 1957, by Size of Firm**

Item	Firms with 1957 sales of			Total all sizes
	Under \$500,000	\$500,000 to \$999,999	\$1,000,000 and over	
per cent of net sales				
Gross profit .....	14.83	12.50	11.70	11.87
Operating expenses .....	14.78	11.96	10.78	11.02
Net operating profit .....	0.05	0.54	0.92	0.85
Non-trading income .....	—	0.39	0.40	0.39
Non-trading expense .....	0.01	0.05	0.05	0.05
Net profit before income tax deduction .....	0.04	0.88	1.27	1.19
Income tax .....	0.35	0.20	0.51	0.46
Final net profit .....	0.31 <sup>1</sup>	0.68	0.76	0.73

<sup>1</sup> Final net loss.

## Comparison of 1955 and 1957 Results

As stated earlier in this report, the composition of the panel of firms that report for the biennial survey of operating results changes from survey to survey. Although reports are used only if the operations of the firms closely conform to those of typical firms in the trade, it is considered that the changing composition of the panel places some limitation on the comparability of the data contained in the present survey with data contained in previous surveys. Hence, a special compilation of the operating results of the 57 firms that reported for both 1955 and 1957 is shown in Table 8. This table sets out the principal profit and expense figures for the same firms for the two periods. When interpreting figures in the following table, changes in the

average net sales of firms from period to period should be noted. Expenses of a fixed nature would tend to reduce certain expense ratios as the average net sales of firms increased. On the other hand, these expense items would tend to increase the ratios as average net sales decreased.

Average net sales of the 57 firms increased from \$1,272,573 in 1955 to \$1,417,672 in 1957. Although average total operating expenses as a percentage of average net sales increased in 1957 when compared with 1955, the average gross profit ratio increased sufficiently more to produce an improved net operating profit position.

TABLE 8. Operating Results of Fruit and Vegetable Wholesalers, 1955 and 1957 Compared

Item	1955	1957
Number of firms.....	57	57
Average net sales per firm .....	\$ 1,272,573	1,417,672
	(Per cent of net sales)	
<b>Gross profit</b> .....	<b>11.52</b>	<b>12.27</b>
<b>Operating expenses:</b>		
Selling .....	1.90	1.85
Warehouse and delivery .....	5.06	5.18
Administrative and general .....	3.93	4.18
<b>Total operating expenses</b> .....	<b>10.89</b>	<b>11.21</b>
<b>Net operating profit</b> .....	<b>0.63</b>	<b>1.06</b>

## TOBACCO AND CONFECTIONERY WHOLESALERS

## Description of Reporting Firms

Item	Firms with 1957 sales of			Total all sizes
	Under \$500,000	\$500,000 to \$999,999	\$1,000,000 and over	
Number of firms .....	25	44	60	129
Form of organization:				
Individual proprietorship .....	7	7	9	23
Partnership.....	9	7	6	22
Incorporated company .....	9	30	45	84
Number of firms operated as:				
Single establishment.....	25	43	50	118
Multiple establishment .....	-	1	10	11
Distribution of sales:				
To voluntary group retail stores .....	%	0.50	0.29	1.67
To other retail stores .....	%	96.96	98.79	90.26
To wholesalers .....	%	0.12	0.23	4.78
To large users <sup>1</sup> .....	%	1.84	0.38	1.24
To others .....	%	0.58	0.31	2.05

<sup>1</sup> Industries, hospitals, institutions, etc.

One hundred and five of the 132 firms that reported for the 1955 survey of tobacco and confectionery wholesalers reported for the survey of 1957 and reports were received from 24 other firms. This adds up to a total of 129 firms that supplied the data used in the compilation of Tables 9 and 10 of this report, or 3 fewer than in 1955. Table 11 is compiled from reports of 84 incorporated companies and Table 12 from reports of 105 firms that reported

for both the 1955 and 1957 surveys. The purpose of the latter table is to enable comparison of the results of the identical panel of firms for the two periods. More information about the firms in the panel, including percentages of sales distribution to various classes of buyers, is given in the above table. For the first time sales of the panel of firms to voluntary group retailers are shown as a percentage of total sales.

## REVIEW OF 1957 OPERATING RESULTS

## Profit and Expense Ratios

Table 9 shows that the 1957 panel of firms in the tobacco and confectionery wholesale trade realized an average gross profit of 6.73% of net sales, incurred average total operating expenses of 6.38% and, after taking account of non-trading items, had a net profit before income tax deduction of 0.57%. As well as being shown for the whole panel of firms, these data are shown for three groups of firms classified according to the size of their annual sales. Ratios for the various components of operating expenses are also given.

While an attempt is made to restrict material used in this compilation to data reported by typical firms in the trade, the composition of the panel of firms changes from survey to survey. This is due to the difficulty of getting firms in sufficient number to report for a series of consecutive biennial surveys. Because of this change in the composition

of the panel, published results of the biennial surveys are not strictly comparable. Therefore, a special compilation is furnished in the last section of this report for purposes of comparing results of the 1957 survey with those of 1955.

## Other Operating Features

Table 9 contains information with respect to inventories and stock turnover. This latter item is computed by dividing the cost of goods sold by the average of the beginning and end of year inventories. Stocks tended to turn over at a faster rate as the size of firm increased and, for the panel as a whole, the rate worked out to 17.87 times per year. Average inventories and average credit sales are shown as percentages of average net sales. Average accounts outstanding are shown as a percentage of average credit sales. Information on sales per 1,000 square feet of floor space is also available.

**OPERATING RESULTS OF TOBACCO AND CONFECTIONERY  
WHOLESALE BY SIZE OF FIRM**

GROSS PROFIT = NET PROFIT + SELLING + WAREHOUSE AND DELIVERY + ADMINISTRATIVE EXPENSES

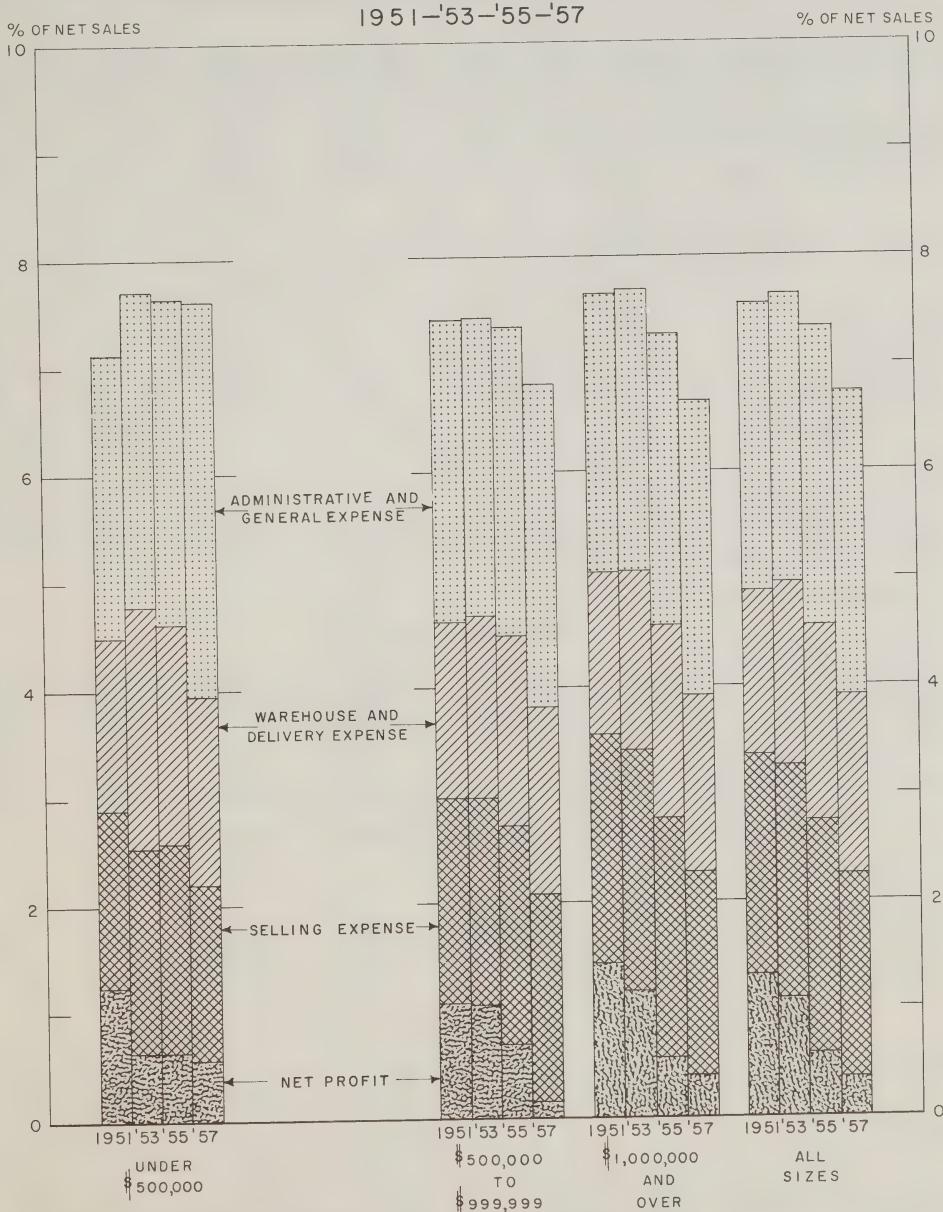


TABLE 9. Operating Results of Tobacco and Confectionery Wholesalers, 1957, by Size of Firm

Item	Firms with 1957 sales of			Total all sizes
	Under \$500,000	\$500,000 to \$999,999	\$1,000,000 and over	
Number of firms reporting .....	25	44	60	129
Average net sales per firm .....	\$ 351,762	787,561	2,318,497	1,415,167
Average cost of goods sold .....	\$ 324,943	733,838	2,164,309	1,319,930
Stock turnover (times per year) .....	14.43	14.53	19.55	17.87
Average beginning inventory .....	\$ 22,183	48,643	113,919	73,876
Per cent of average net sales .....	6.31	6.18	4.91	5.22
Average ending inventory .....	\$ 22,849	52,273	110,885	73,832
Per cent of average net sales .....	6.50	6.64	4.78	5.22
<b>Profit and loss data</b>				
(Per cent of net sales)				
Gross profit .....	7.62	6.82	6.65	6.73
Operating expenses:				
Selling expense:				
Salaries .....	1.25	1.52	1.48	1.47
Travelling .....	0.24	0.26	0.29	0.29
Advertising .....	0.09	0.05	0.06	0.06
Other selling expense .....	0.04	0.11	0.07	0.07
Total selling expense .....	1.62	1.94	1.90	1.89
Warehouse and delivery expense:				
Salaries and wages .....	1.09	1.10	1.11	1.11
Maintenance of delivery equipment .....	0.54	0.48	0.39	0.42
Outward freight .....	0.04	0.07	0.07	0.07
Warehouse supplies .....	0.05	0.05	0.03	0.03
Other warehouse and delivery expense .....	0.03	0.04	0.04	0.04
Total warehouse and delivery expense .....	1.75	1.74	1.64	1.67
Administrative and general expense:				
Salaries .....	2.15	1.59	1.32	1.41
Employees' benefits .....	0.06	0.07	0.10	0.09
Occupancy .....	0.55	0.43	0.35	0.37
Taxes <sup>1</sup> .....	0.07	0.05	0.05	0.05
Insurance <sup>1</sup> .....	0.14	0.11	0.13	0.13
Office supplies .....	0.06	0.10	0.11	0.10
Communication .....	0.07	0.07	0.08	0.08
Bad debts-amount written off .....	0.22	0.16	0.23	0.22
All other expense .....	0.35	0.42	0.36	0.37
Total administrative and general expense .....	3.67	3.00	2.73	2.82
Total operating expenses .....	7.04	6.68	6.27	6.38
Net operating profit .....	0.58	0.14	0.38	0.35
Non-trading income .....	0.24	0.29	0.31	0.30
Non-trading expense .....	0.08	0.04	0.10	0.08
Net profit before income tax deduction .....	0.74	0.39	0.59	0.57
<b>Miscellaneous data</b>				
Credit sales:				
Average per firm .....	\$ 256,402	571,388	1,812,962	1,087,820
Per cent of average net sales .....	72.89	72.55	78.20	76.87
Accounts outstanding:				
Average per firm .....	\$ 21,263	61,268	137,174	88,820
Per cent of average credit sales .....	8.29	10.72	7.57	8.16
Sales per 1,000 sq. ft. of floor space .....	\$ 121,077	150,852	247,908	211,419

<sup>1</sup> Excludes amount attributed to real estate which is in occupancy expense.

### Regional Results

Table 10 shows the principal profit and expense figures by regions for the 1957 panel of firms in the tobacco and confectionery wholesale trade. Average gross profit ratios had a range of more than 2.5%, i.e., from 5.59% of net sales in Quebec to 8.12% in the Maritime Provinces. Quebec

had the lowest average total operating expenses with a ratio of 5.41% of net sales but stood fourth to the Prairie Provinces with respect to average net operating profit, registering a ratio of 0.18% versus 0.62% for the Prairie Provinces.

**TABLE 10. Operating Results of Tobacco and Confectionery Wholesalers, by Regions, 1957**

Item	Maritimes	Quebec	Ontario	Prairie Provinces	British Columbia	Canada
Number of firms .....	7	37	58	17	10	129
Average net sales per firm ..... \$	681,374	1,608,077	1,487,084	1,166,486	1,220,692	1,415,167
(Per cent of net sales)						
Gross profit .....	8.12	5.59	7.01	7.80	8.00	6.73
Operating expenses:						
Selling .....	2.13	1.58	1.95	2.21	2.40	1.89
Warehouse and delivery .....	2.21	1.46	1.76	1.57	1.99	1.67
Administrative and general .....	3.61	2.37	2.93	3.40	3.03	2.82
Total operating expenses .....	7.95	5.41	6.64	7.18	7.42	6.38
Net operating profit .....	0.17	0.18	0.37	0.62	0.58	0.35

### Incorporated Companies, 1957

A special tabulation for incorporated companies is shown in Table 11. The average net profit of this group amounted to 0.53% of net sales before

income tax deduction compared with 0.57% for all reporting firms. Income tax of 0.16% reduced this to a final average net profit ratio of 0.37% of net sales.

**TABLE 11. Operating Results of Incorporated Tobacco and Confectionery Wholesalers, 1957  
by Size of Firm**

Item	Firms with 1957 sales of			Total all sizes
	Under \$500,000	\$500,000 to \$999,999	\$1,000,000 and over	
per cent of net sales				
Gross profit .....	7.77	7.35	6.71	6.85
Operating expenses .....	6.86	7.02	6.41	6.53
Net operating profit .....	0.91	0.33	0.30	0.32
Non-trading income .....	0.18	0.32	0.31	0.31
Non-trading expense .....	0.06	0.06	0.11	0.10
Net profit before income tax deduction .....	1.03	0.59	0.50	0.53
Income tax .....	0.23	0.14	0.17	0.16
Final net profit .....	0.80	0.45	0.33	0.37

**Comparison of 1955 and 1957 Results**

As has been stated earlier in this report, the composition of the panel of firms that report for the biennial survey of operating results changes from survey to survey. Although reports are used only if the operations of firms closely conform to those of typical firms in the trade, it should be noted that the changing composition of the panel places some limitation on the comparability of the data contained in the present survey with those contained in previous surveys. Hence, a special compilation of the operating results of the 105 firms that reported for both the 1955 and 1957 surveys is shown in table 12. This table sets out the principal profit and expense figures for the same panel of firms for the two periods. However, when interpreting figures in the following table, changes in the average net

sales of firms from period to period should be noted. Expenses of a fixed nature would tend to reduce certain expense ratios as the average net sales of firms increased. On the other hand, these expense items would tend to increase the ratios as average net sales decreased.

These firms increased their average net sales by 17.0% to \$1,528,542 in 1957 from \$1,306,031 in 1955. The average gross profit as a percentage of net sales decreased from 7.39% to 6.83%. Total operating expenses, also expressed as a percentage of net sales, decreased from 6.76% to 6.49%. The net operating profit was 0.34% of net sales in 1957 compared with 0.63% in 1955.

**TABLE 12. Operating Results of Tobacco and Confectionery Wholesalers, 1955 and 1957 Compared**

Item	1955	1957
Number of firms .....	105	105
Average net sales per firm .....	\$ 1,306,031	1,528,542
	(Per cent of net sales)	
<b>Gross profit</b> .....	<b>7.39</b>	<b>6.83</b>
Operating expenses:		
Selling .....	2.19	1.93
Warehouse and delivery .....	1.80	1.70
Administrative and general .....	2.77	2.86
<b>Total operating expenses</b> .....	<b>6.76</b>	<b>6.49</b>
<b>Net operating profit</b> .....	<b>0.63</b>	<b>0.34</b>









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